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## Near East/South Asia Report

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3 April 1984

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KING HASSAN SPEAKS OUT ON CURRENT ISSUES

Casablanca MAROC SOIR in French 27 Feb 84 pp 1-2

[LE FIGARO-MAGAZINE interview with King Hassan II, 25 Feb-2 Mar 84, pp 62-65, by Robert Lacontre in Rabat; date not given]

[Text] Paris, 26 Feb (MAP)--LE FIGARO-MAGAZINE, the weekly supplement of the French daily LE FIGARO, has devoted the cover of its latest edition to a color portrait of King Hassan II and published an exclusive interview conducted in Rabat by Robert Lacontre, during which the sovereign answers questions on the Lebanese drama, Chad and Libya, the Arab League, the conflict in the Near East in general, Islam and modernism, the difference between Shiites and Sunnites, the conflict in North-west Africa, and official relations between France and the Kingdom of Morocco.

The following is the text of that interview in its entirety.

[Question] Your Majesty, how do you explain the Lebanon crisis?

[Answer] It is nothing new, Mr Lacontre. Let us go back to its origins. Lebanon was created and everything that could not be put elsewhere was put there: Muslims who are Sunnites and Shiites, Christians who are Catholics and Maronites, Arabs who are Druzes and Shiites. All the elements of an explosive situation were put in the tiny country of Lebanon. An effort was made to have Muslims live with Christians and Jews. I do not say it is impossible, but the vessel is too small. They could have done it in a bigger territory.

[Question] So there is no solution. Syria will annex Lebanon.

[Answer] There is no question of that. I do not think that is the case, although Damascus continues to say that Lebanon and Syria form one country. Do the Syrians want to become Lebanese? Do you think the Lebanese want to become Syrian? However, one thing must be said. Until 1949, the Syrians and Lebanese had the same currency. The two countries never had ambassadors. Until 1920, Beirut depended on Damascus for its legal system. It is impossible to forget that that happened. What we must do now is to try and find a balance in this mixture of religions.

[Question] Do you think this is the end of Al-Jumayyil?

[Answer] It would be a pity if it were, because I personally think he is, will be if restored to his position, or will have been if abandoned, probably one of the greatest Lebanese presidents. He enjoys the advantage of not being a professional politician. He is young. He knows nothing of petty politics. In my view, he is extremely pure.

#### Survival of Jordanians and Palestinians

[Question] Is Al-Asad not trying to gloss over his internal difficulties by a foreign adventure?

[Answer] That is very possible. We were all surprised at the Islamic conference when the Syrian delegate said: "At home in Syria, people still dream of the Omayad Empire." With regard to the Palestinians, we also heard that they had greater freedom of movement and choice than the Syrians and that Palestine was part of Syria.

[Question] Can King Husayn really envisage a federation with the Palestinians?

[Answer] I think that the King of Jordan and the Palestinians have gone through a terrible crisis of confidence for years, but with the passage of time, the situation is forcing them to make mutual concessions. Both are now aware that their survival, not as peoples but as states, depends on the creation of a confederation. I personally know that both are equally sincere.

[Question] So you think there is no longer any distrust.

[Answer] Even if you love each other, you are still distrustful until you come before the registrar or Qadi to be married.

#### Americans and Lebanon Crisis

[Question] Will Israel ever accept that federation?

[Answer] Not only have the Arabs allowed many opportunities to slip by over the years, but Israel is now doing the same.

[Question] Do you not think that the Americans are once again showing themselves to be a little naive in this Lebanon crisis? Is their only intention really to find a solution to the Middle East problem?

[Answer] Yes. I would bet on it. Moreover, contrary to what people may think of President Reagan, he has many more qualities than is generally thought and above all, he is a man who is very constant and very faithful to his friends. He reminds me of Eisenhower during the Suez attack. Moreover, you must not think that only the Americans are naive. Many foreign policies bear the stamp of naivete. God has willed that I should be here for 24 years. That has given me time to examine many kaleidoscopes. Ultimately, it is impossible to give some better marks than others. I think stupidity is human, as are

mistakes and naivete. It is just that they are cyclical and do not always appear in the same geographical location.

#### Fes Plan and Reagan Plan

[Question] President Mubarak has deliberately chosen to support 'Arafat. What is your view of that?

[Answer] The law and legality are on 'Arafat's side as regards the PLO's representatives, both abroad and in the occupied territories. Until we have evidence to the contrary, he is and will remain our interlocutor. Moreover, the Palestinians are going to meet in Algiers in March and we shall see who will be chosen to represent the PLO. As for 'Arafat as a man, he is an impulsive but extremely reasonable man. He has one great quality. He is not obstinate. When you suggest something to him, he never says no on principle. He is a man of dialogue. That is why I have moved heaven and earth with my friends and with the American Government to ensure that he is not assassinated.

[Question] Let us talk about the Reagan plan again.

[Answer] I would say the Fes plan too. I think a plan is like an omelette. You take eggs from the hen house. The eggs have no identity. I think there are areas of agreement in all the plans. The Reagan plan is not bad at all. There are many positive points in it. But I am sure that a Reagan-Fes mixture will open the door to a real peace process.

#### Need To Change Statutes of Arab League

[Question] Do you not think that the Islamic Conference and the Arab League are a little old-hat?

[Answer] The Islamic institution is not old-hat in the least. It was formed in 1969. The Arab League, on the other hand, is completely old-hat. Indeed, it was the worst turn the British could have done the Arab world after World War II. The British said to themselves: They will try to reconcile the irreconcilable. At least they will be busy with their problems, their geographical, commercial, economic and other conflicts and their social disparities. That is also true of the OAU. That is why we have decided to change the Arab League's rules.

[Question] Do you advise that Egypt be brought back into the Arab community?

[Answer] Nobody advised that. The Africans and Asians adopted a firm attitude at the Islamic Conference. For a time, I was afraid Casablanca might go down in history as the symbol of a split among the Muslims. "We are Muslims. You are not going to destroy us with your inter-Arab problems." In the end, nobody left the conference. I spoke with Mubarak. He was happy to return to the Muslim world. When the news was announced, people were embracing in the streets. But he told me that even if the Arab League asked him return, he would refuse. "I will not set foot in it again," he said.

## No Contradiction Between Modernism and Practice of Islam

[Question] Do you not feel that the USSR is much more aggressive in the Middle East at present?

[Answer] The Russians certainly seem more active. Pascal said: "The style is the man." Although Andropov was confined to his bed for a long time, he was able to give his orders. Now then, Andropov's style was the method in which he had specialized.

[Question] Do you think there could be a change with Chernenko?

[Answer] In any case, the KGB will remain a crucial part of the Soviet system. Will it always be predominant in the voice of that country's political lines? Will Chernenko be just another element? Only the future will tell.

[Question] With Maurice Druon, I visited the Academy of the Kingdom of Morocco. (Druon, of the Academie Francaise, is also a member of that Academy). The latter just devoted a session to, and I quote: "the spiritual and intellectual crises of the contemporary world." In your opinion, is the malady serious? Is there a crisis of Islam?

[Answer] When Islam spread in the East, it only Islamized. It did not Arabize. Consequently, the clergy included those who understood Arabic, only a tiny minority. It therefore subsequently became a privilege, which led to the formation of a caste. Just imagine what would happen if Christianity were taught in Latin in Europe, Africa or elsewhere. What would the result be? The village priest, who already enjoys influence, would become the sole holder of the secret of religious motivation, of instructions, in short. From there to general stupidity, to mind control, is but one step. That is what happened in the Eastern conquests of Islam starting from the shores of the Gulf. That is how the clergy emerged.

In contrast, in Africa, the separation between Arabic and Islam was not as sharp. That was the thrust of my speech at the Islamic Conference. "If Khomeyni frightens you, if fundamentalism frightens you, you are responsible. Require an hour of Arabic in your lycees. You will then be able to interpret the Koran!"

## Shiite Islam Veritable Heresy

[Question] Your Majesty, you are a descendant of the Prophet and leader of the faithful. Can you tell us whether Islam can adapt to modernity without difficulty?

[Answer] Actually, that is precisely what we are doing, working hard just as many peoples are doing, whether or not they are Muslim. In order to attain modernity, technology, the training of upper-level personnel, a daily struggle is essential. There is no contradiction between achieving modernity and the practice of Islam. I am quite comfortable, as are students, writers and line pilots.



[Question] But in the light of events, are there not currently two Islams: a moderate, tolerant, somewhat conservative Islam and a fanatical, pre-revolutionary, aggressive Islam?

[Answer] There is Sunnite Islam, which is the Islam of the Koran and the tradition of the Prophet, which allows no legendary aspect. In short, it is an Islam that would be without illustrations. That is why our mosques are quite simple. There must be room left for dialogue between God and his creatures. We must not fill the spaces with ornamentation.

Sunnite Islam is the true Islam. [text unclear] that all Muslims are equal, which accepts tolerance, which accepts and requires cohabitation with the other religions of the book, not atheism, naturally, or animism, but revealed religions. It is an Islam that needs no aphrodisiacs for faith to prove it exists.

On the other hand, Shiite Islam is a veritable heresy because the imam, even if he is not on Earth, is expected to appear. One day he will return and his horse waits for him every Friday in front of the mosque in Tehran. I saw him with my own eyes during a trip to Iran. It is precisely because Arabic is not known that a class emerges that wants but one thing: to reign. Every time that people of religion have been able to reign, they have taken advantage of it. Just look at the papacy. Every time they have been able to put spiritual things above temporal power, they have hastened to do so. But here, there is no clergy. There is no middleman between God and the faithful. In Iran, there are middlemen! As the Italian proverb says, *Traduttori, traditori*. As soon as you accept interpreters of God, you betray him.

#### Khomeyni's Republic Not an Islamic Republic

[Question] But how do you explain the fact that suddenly the 90 million Shiites are in a period of total effervescence and that the 900 million Sunnites have remained calm?

[Answer] Because the ethic of the Sunnites is to persuade, to always try to convince. We are not Muslims who conquer by the sword. Our only weapon is persuasion. That is not true for the Shiites.

[Question] Is the Shiite explosion spontaneous or helped along by foreign powers?

[Answer] For a few days, Fleming thought that his penicillin was something spontaneous. But nothing is spontaneous. Nothing is easier for religious leaders than to get people to ride God's horse! "Then why in Islam and not in Europe," you ask. Because there is the secular element in Europe.

And yet, even in Europe, many revolts have had religious themes as their leit-motif: the reform, for example, the religious wars in France that spread to Spain and Germany, going through Belgium and Holland.

You have the revolt in England. You will tell me that it was over a woman. But every excuse is good when one wants to rebel against spiritual power. One has to add that the conduct of certain political leaders was a provocation. Receiving a chief of state and celebrate with champagne in the middle of Ramadan in front of the television cameras....

[Question] In other words, Khomeyni's republic is not an Islamic republic.

[Answer] Three weeks after Khomeyni's statements, when he returned to Tehran, I said: "If Khomeyni is Muslim, then I am not."

[Question] Then how can it be that you have not summoned a group of learned men together to condemn this deviation?

[Answer] Morocco had already foreseen the danger of Khomeynism long before. We wanted to gather together all Muslims on both sides of the Gulf, a little like Vatican I or Vatican II, precisely in order to soften these marked differences between Shiites and Sunnites. You know, there are 93 kinds of Shiah. There are very peaceful groups, such as the Ismaili Shiah of Aga Khan. Khomeyni chose the fiercest, the most murderous type. A total of 93 Shiah for one Sunna!

[Question] How can you explain the fact that some Muslims claim to be socialists or Marxist?

[Answer] Among us, the economic-social system is not a criterion of whether one is Muslim. The criterion of the Muslim is to proclaim the unity and singleness of God, that Muhammad is his prophet, that one accept the Gospel and the Torah, the Old and New Testaments and believe that Christ and Moses are God's prophets. If one is a Marxist and goes to the mosque, we cannot say that person is an atheist. Consequently, Islam can adapt to all situations. We can all be capitalists, Social Muslims, Social Christians or even Marxists, but provided one does not deify Karl Marx. There is a certain flexibility. But God is one. One has to say one's prayers. But if ever one should also believe in the doctrine of Marxism, well then, communism is condemned.

[Question] Some people say that Al-Qadhdhafi is mad. What do you think of his "Green Book"?

[Answer] President al-Qadhdhafi and I have never discussed his "Green Book" because he knew that I would not agree with him. But Al-Qadhdhafi is not mad in the least.

His inconsistencies sometimes go to extremes. We all live amidst contradictions. But you have to be able to control them. Al-Qadhdhafi loses control. In some cases, Libya's role is disconcerting. It can go too far. With regard to a number of questions, particularly the Palestinian question, the matter of Arab-Israeli coexistence, Al-Qadhdhafi thinks he alone embodies the truth and has a monopoly over political and strategic tactics. That has brought him rebuffs from his peers in the West and the East. Faced with this situation, there are only two courses, not three: Either you turn your back on him or you try to discuss with him. Morocco, for its part, did not hesitate when it was necessary to turn its back on him. Nor does it hesitate to try to have a dialogue.

[Question] Is he not cleverly used by the Russians?

[Answer] He claims the reverse is true. He says he is still a Muslim. Thus he does not take orders from Moscow. Nonetheless, Libya is currently a vast Soviet arms depot. You will understand that it is difficult for me to make a chief of state take a lie detector test.

#### Libya Cut Off From Territories

[Question] Does Al-Qadhdhafi really intend to seize Chad?

[Answer] He has failed to explain his position on this matter. In fact, since World War II and the conquest of Libya by the Italians, that country has lost a number of territories. Libya was a route to Mecca. It is true to say that it has been robbed and had all its Arab and Arab-speaking populations gradually taken away. If I had been Al-Qadhdhafi, I would first have demonstrated the close relationship that exists between southern Libya and northern Chad. Unfortunately, there is the historical fait accompli. Morocco was also dispossessed to some extent. These are things that cannot be remedied. It is impossible to deal the cards anew each time. But if he had explained his problem in that way, it would have been possible to reach a compromise.

[Question] In short, you defend him.

[Answer] I do not defend the methods, but the underlying cause.

[Question] But what about terrorism?

[Answer] He indulges in it. He also armed the POLISARIO. The question is whether he does it himself or is programmed to do it.

#### French Press and Fetishism

[Question] Morocco has also experienced unrest. You spoke of foreign interference. By whom? The Algerians?

[Answer] They fanned the flames. Evidence of that is provided by LA VOIX DES PEUPLES, which is a veritable instigation to riot. Subversive pamphlets were seized. We must remember the old saying: "If there were no receivers, there would be no thieves." Those pamphlets and all that activity came from Paris and Brussels. It is extremely dangerous for you, too. Look at the events in Tunisia, for instance. They bore no comparison with the events in Morocco. A few days later, the French Government sent a telegram to President Bourguiba and the Socialist Party (PS) sent a message of support. The French fleet was cruising off Tunis. In Morocco, those events broke out during the Islamic Conference. When I tell you that 29 people were killed, I mean precisely that. That is a far cry from the 1,000 deaths in Tunisia. The French press attacked us in an incredible way, both on the right and the left. I think that the French press has something of a fixation. When it is a republic, it is fine. When it is a monarchy, everything is wrong.

[Question] Is this attitude shared by official circles?

[Answer] At official levels, our relations have been excellent since President Mitterrand came to power. I must say that there are no problems at the personal level. We sometimes have frank discussions on geopolitical questions, history and art. But there is the PS! I am not the only one to suffer as a result of that ubiquity or bicephalism. Many African leaders are also suffering as a result of it, be it Bongo, Houphouet or Sekou Toure.

[Question] Do you think the history of the Shah could happen elsewhere?

[Answer] First of all, there would have to be another Khomeyni and a second Neauphle-le-Chateau, with the whole infrastructure, cassettes, media and wangling of a big country. In my opinion, what got Khomeyni going was Neauphle-le-Chateau.

The Iraqis, who had already kicked him out, warned the French.

[Question] Let us talk about the POLISARIO. What exactly is it?

[Answer] The other day, I met with the Spanish foreign minister, who had met with a representative of the POLISARIO, the "liberation movement of the Sahara and Rio de Oro." The minister told me that his interlocutor could not speak Spanish, only French. I have said 10,000 times that I was prepared to withdraw from the Sahara if a single Spanish soldier were killed by a POLISARIO bullet. So far, no one has dared take up the challenge. The POLISARIO is [former Algerian President] Boumedienne's creation. God rest his soul. I received the Ethiopian foreign minister a month ago since Mengistu is president of the OAU. He wanted me to engage in a dialogue with representatives of that movement. Why talk with rebels? If I recognize them, why organize a referendum? It is important to know the POLISARIO leaders' curriculum vitae. They were all born in Morocco. As for the so-called foreign minister, he is a Mauritanian. The whole affair has been trumped up.

[Question] Are they helped by the Russians too?

[Answer] They are helped by all those who want the 1,000 or so kilometers of the Atlantic which we have taken back. That is the whole problem.

Afghanistan: Disappointed by Europeans

[Question] Let us talk a little about the Afghans. Do you not have the feeling that they have been somewhat forgotten by the rest of the Muslim world?

[Answer] Personally speaking, I am disappointed by the attitude of the Europeans. To whom are we supposed to go with the cry of genocide? East Europe is under the yoke politically. West Europe cares only about sensational issues. It worries about its cuisine, wine and abstractions. For me, that is the bankruptcy of Europe.

[Question] But what about Soviet Muslims?

[Answer] They number 80 million, one-third of the population of the USSR.  
Those problems are for the future.

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CSO: 4519/119

## FACTORS INFLUENCING ECONOMIC CONDITIONS EXAMINED

Casablanca LAMALIF in French No 152, Jan-Feb 84 pp 24-28

[Article by Dr of Management Economics and lecturer at Hassan II University Najib Ibn Abdeljalil and Dr of Private Law and lecturer at Hassan II University Joel Moneger: "The Different Aspects of the Situation"; passages in slant-lines printed in italics]

[Text] The difficult situation Moroccan society has been going through since 1977 and will have to suffer for a few more years has its roots in the country's socioeconomic depths. The recent international and national economic situation has only exacerbated the effects of this situation.

Although the word, "crisis," has lost some of its impact because of the frequent use it has been subjected to these past few years, we use it again here to outline the components. They are many and varied; their profundity proves that of the difficulties we are going through; it also proves that of the measures to be adopted to clean up the situation and set Moroccan society back on the rails of development and active motivation.

The different aspects of the Moroccan situation are situated in the economic and financial, social and moral,<sup>1</sup> administrative and judicial domains. Measures have been adopted these past few months which should be accompanied by an in depth operation on the country's socioeconomic structures.

### A. Economic Data and Financial Constraints

There are still structural restraint factors. We list the chief ones below:

/The weakness and compartmentalization of the domestic market/, characterized by a low absorption capacity. Out of a total population of 22 million (1982) the solvent demand represents the equivalent of one or two average departments in France. At 3.26 dirhams an hour,<sup>2</sup> the guaranteed minimum wage certainly represents a low cost of production, but it also generates a potential national demand that is practically nonexistent for all manufactured goods, while some of the solvent demand is directed abroad. The drought during these past few years has only accentuated the difficulties. This dual characteristic of the domestic market reduces the profitability potential of industrial projects and "slants" investment decisions toward investments outside the country.

This sometimes imposes exports "subjected" to conditions of doubtful competitiveness on products and markets characterized by intense international competition.

/Alongside this, the flow of imports/ of energy supplies, capital goods and certain foodstuffs is getting to be more and more burdensome and unchecked.

/The imbalances in trade and payments/ are deep-seated.

These imbalances reached a crucial point in 1982-1983 and led to draconian, harsh and deplorable measures (a ban on all imports for several days, then import restrictions).

Such measures, which to be sure permitted a relative improvement of the situation, have very negative effects on both domestic and foreign investors and lead to a lack of confidence and a wait-and-see attitude.

Moreover, they seriously jeopardize government action programs that have required lengthy consideration and which are of more structural and profound importance, such as the industrial investments code enacted in January 1983.

/The low volume of capital available for productive and risk investments./ Speculative and liquid investments are more frequent. The industrial fabric is not closely woven and intercompany relations are very poor. Industrial apprenticeship is curtailed and the propagation of wealth limited.

During the period from 1974 to 1981 (the period of application of the third<sup>3</sup> industrial investment code) industrial investments amounted to 12.5 billion dirhams, or an average of 1.5 billion dirhams a year. The number of jobs created during this period came to 21,500 a year, which is very low as far as the nation's needs are concerned. A few statistical data will permit us to sketch the recent industrial investment situation in Morocco.<sup>4</sup>

Investments Approved over the Period 1973-1980  
(in millions of dirhams)

Sector	Annual Averages			
	1973-75	1976-77	1978-79	1980
Industry*	1,150	3,210	1,050	1,680
Mining	130	125	128	3
Tourism	280	370	285	1,410**
Fishing and marine shipping	320	780	—	635
Handicrafts	3	45	15	12
Total of approved investments				
Total of approved investments	1,883	4,530	1,478	3,740
State	50%	30%	3%	6%
Private sector's share of industry	50%	70%	97%	94%
FBCF [expansion unknown]	4,950	11,530	13,200	14,800

<u>Total of approved investments</u> FBCF	0.38	0.39	0.11	0.25
<u>Approved industrial investments</u> FBCF	0.23	0.27	0.08	0.11
Foreign investment's share in industry	9%	7%	11%	13%

Sources: "BNDE [National Economic Development Bank] and Bank of Morocco Reports."

Akesbi, N., "Experience with Industrial Investment Codes in Morocco," September 1982, op. cit.

MAROC SOIR, "1982-1983 Economic and Social Survey," Casablanca, 1983.

\* Industry: Farming, textiles and leather, chemicals and paracheicals, machines and electrical equipment.

\*\* Exceptional volume of investments due to the implementation of a major project in Casablanca (international forum).

We note a persistently low volume of industrial investments in the FBCF, especially since 1977. That year also marked the gradual withdrawal of the state as an investor. At any rate, foreign investment's share remained modest.

Forty-two percent of the investments were made in Casablanca, 10 percent in Tangier and 6 percent in Fez. Still considering the period 1974-1981, their distribution by sectors was: 46 percent for chemicals and paracheicals, 20 percent each for farming and textiles and 13 percent for electrical equipment. This sector distribution for investments confirms the industrial exodus noted above.

The results obtained and experience with the 1973-1982 code have guided the efforts of the drafters of the fourth code (1983) to a strong desire for regionalization and local industrial structuring.

It is, however, important to note that these statistical data only partially reflect the real situation. Like some other countries, Morocco is characterized by a very big "underground economy" in most activities and in those activities outside the sectorial classification system. In addition to these, there are all the noncommercial, food-growing rural activities.

#### B. Undeniable Sociooccupational Sluggishness

This may be outlined as:

The rarity of a spirit of enterprise.

The rarity of a properly trained industrial labor force.

General education for less important occupational concerns.

/The rarity of a spirit of enterprise:/



In any market economy one of the prime movers of development resides in the availability of a breeding ground for dynamic businessmen. This breeding ground seems to be very limited in Morocco.

The industrial mentality there is embryonic. Those with capital (merchants, large-scale farmers, owners of land and real estate) are unwilling to take industrial risks because of a lack of previous industrial experience and of a speculative attitude. Preference is extended to investments involving low risk and high potential for profits. Furthermore, the small number of productive investments that are made must permit rapid recovery of the sums invested, also a sign of limited confidence in the environment.

Moreover, people with technical and economic training prefer a salaried position to that of businessman. There is often no initial capital. Family responsibilities are important and make it difficult to accept risks.

In short, psychological and social blocks make people regard the innovator as being dangerous for the fragile equilibrium of the people around him. The individual is educated in terms of a framework of narrow dependence on his environment. Individualism is not a characteristic of Moroccan society, whereas the way the society views profit varies. A policy of encouragement as regards this category of potential founders of businesses ought to constitute a priority focal point for public action.

/The rarity of an industrial labor force properly trained in the different kinds of jobs./

Despite the generally recognized occupational qualities of the Moroccan labor force (reliable, conscientious, a low rate of absenteeism, etc.), the lack of training is a handicap which the investor has to sustain in the beginning.

We should point out that from 1960 to 1980 vocational training was the poorest relative of the Moroccan educational system, particularly technical training.

Some people even think that there has been a regression in comparison with the decade of independence.

And lastly, /education is still too general/ at both the secondary school and college levels. It is sometimes abstract, outmoded or pseudo-Marxist. The education dispensed is somehow out of phase with the real economic world.<sup>5</sup> Recently, efforts have been made in an attempt to reduce this gap. In particular, the future IUT [University Institutes of Technology] and the development of vocational training centers are giving rise to some hope. The lack of economic information is, moreover, an undeniable obstacle to the actions and drive of the economic agents. The production and distribution of same constitutes an imperative necessity.

### C. Discouraging Administrative and Judicial Behavior

The economic value of any voluntary action involving development is still too often dimmed in the stifling fog of a sometimes exhausting practical administration and a justice system of questionable efficacy.

/Administrative sluggishness:/

While it is increasingly the desire of the national authorities, the government and high officials to promote simplicity, clarity and administrative dispatch, we must on the spot report various forms of sluggishness and rigidity that are extremely discouraging for the economic agent. Without generalizing and as sporadic as the instances may be, the behavior of certain officials is at least in part ruining (without saying so) the efforts made by the government and the nation for the purpose of assuring the promotion of the country's economy.<sup>6</sup> The administration's lack of human (competence, training and motivation) as well as material (equipment, organization and distribution of information) resources render the job of getting things done slow and finicky. Bitter criticism of the "bureaucracy" of both domestic and foreign investors is not rare. They say they are baffled,<sup>7</sup> exhausted and driven to despair by the administration, all the more so because the obstacle course is a long one in the labyrinth of administrative formalities and procedures.

It is also important to note that this sluggishness would no doubt be reduced if the reports submitted by investors were better drawn up and properly founded.

Investors are not unaware of these problems, although, as the case may be, they do exaggerate (iceberg theory for the pessimists) or make light of (charitable blind man theory for the optimists) them. They either submit to or take advantage of them.

Nevertheless, some, cautious or timorous, can, if they take risks without a competent guide, be so baffled that discouragement or prudence will make them abandon the planned investment, even if it has already been approved by the national administration.

/The relative efficacy of the justice system:/

The observations we have made concerning the administration may in essence be applied to the functioning of the courts. Despite a simple, sensible organization: courts of first instance with jurisdiction over all domains and with a single judge passing judgment, courts of appeal and the Supreme Court, fairly harmoniously distributed throughout the country and an impressive number of lawyers in the major cities, the courts are unsatisfactory. His Majesty King Hassan II made an observation to that effect in a speech he delivered before the Upper Council of the Magistrature on 31 March 1982.<sup>8</sup>

The sovereign stressed the congested dockets of the courts (sometimes 10 years go by between the institution of the proceedings and the passing of sentence), the more or less involuntary losses of briefs in court clerk's offices, difficult execution of the decisions that are re-rendered, the still insufficient competence of certain magistrates<sup>9</sup>....

We may add that the absence of systematic publication of the sentences and rulings handed down by the courts is in many respects regrettable. First of all, it is very difficult to predict the position of the courts on legal questions involving investments likely to be submitted to them.

Then the critical intervention of university doctrine, elsewhere judged to be very productive, cannot occur. The quality of a law as complex as the one that is applicable to our field presupposes that the most pertinent judicial contribution be added to the lawmaker's initial effort, to that of the administration.<sup>10</sup>

One of the most sensitive domains for the investor is that of the /protection of industrial creations/, often realized at great expense. Now, if we are to believe past experience, matters are scarcely satisfactory in this domain.

The Moroccan Patent Office does not really have the necessary equipment for registering the very many depositions that come from abroad. And yet, since 5 March 1980 Morocco has recognized the 1891 Madrid and 1957 Nice agreements (revised in Stockholm in 1967).<sup>11</sup>

In practice, a Moroccan registration, independently of the international registration, is more than advisable to avoid unintentional "infringements."

And this is all the more true, since descriptive distraints and the execution of decisions in this domain are difficult to implement.<sup>12</sup>

#### D. Appreciable Recent Efforts

These deal with the different restraining factors or components of the Moroccan crisis:

/The purpose of the January 1983 industrial investment code is to encourage private initiative./

The economic priorities of the 1981-1985 5-year plan (industry, exports and capital goods) have been supplemented and made more explicit with industrial priorities that are more warranted within the framework of the industrial investments code enacted in January 1983.

The latter pursues the realization of seven industrial policy objectives through: the promotion of industrial initiative, inducements for the investment of foreign capital in Morocco, the creation of industrial jobs, the regionalization and development of the country, the development of industrial exports, the preservation of the environment and industrial structuring.<sup>13</sup> They have great hopes for the incentive advantages granted by the Moroccan authorities in this code.

/Bank financing procedures are simplified and accelerated./

Special credit lines for small and medium-sized industries have been established with, moreover, the financial intervention of the World Bank. These lines are opened on equal terms to domestic and foreign investors. We would further hope for the more active participation of the finance system in the development of the production system through the adoption of a more energetic and less patrimonial behavior pattern.

/An ambitious program for the development of industrial zones is in progress./

In collaboration with the local communities and chambers of commerce and industry that are involved, the national administration has programmed the realization of 33 industrial zones.

Industrial zones may be developed by the private sector and benefit from public subsidies if they meet the requirements provided by the laws and regulations now in effect (locality, improvements, maximum price per square meter,...) to obtain approval.

At the present time five industrial zones have already been developed around the towns of Tetouan, Fez, Taza, Oujda and Ouarzazate. Seven other industrial zones are being developed around Nador, Khemisset, Bouznika, Chaouen, Beni-Mellal, Khouribga and El Jadida.<sup>14</sup>

/A start has been made in the decentralization of administrative structures./

The organization of local and regional governments for the administration of local economic interests is being studied. The importance the national government assigned the 10 June 1983 municipal elections seems to indicate its desire to establish local go-betweens for the next few years.

This decentralization effort may involve the decentralization of financial organizations.

/Efforts to eliminate certain functional lacunae in the administration are in progress./

First, the /training/ of officials has been considerably improved through the preferred recruitment of applicants with university degrees or from the Public Administration School or specialized schools. Furthermore, continuous training is being developed in the different administrations.

Second, /very repressive laws/ have been enacted over the years. In connection with this, the establishment of a Special Court of Justice having jurisdiction over the trying of officials who seriously fail to perform the duties they are responsible for has led to an appreciable reduction in the number of the most regrettable excesses.<sup>15</sup>

Furthermore, /the grounds for appeal/ open to victims of illegal or irregular actions permit them to obtain both the annulment of an action or administrative ruling tainted by an excess in the exercise of power<sup>16</sup> and compensation for the financial damages resulting from it.

Moreover, the administrative delays that inconvenience the founders of businesses and investors could be considerably reduced in the not too distant future due to the /establishment of a "single counter"/.

During the parliamentary debates on the last code, the government let it be understood that it was in favor of such an institution. Under the present

state of affairs with regard to information, it is hard to say whether what is involved for the application of the current code — or even of other codes (real estate, tourism, coastal fishing,...) — is a "single counter" specifically for investors, or whether, going farther than that, it is a general system involving all businesses regardless of their nature. Such a reform would require reform of the trade register and the improvement of relations among the different administrations. Establishing a single file with a single administrative unit would simplify the task of domestic as well as foreign founders of businesses. For the moment it is still a project for the future.

And lastly, considerable vocational training efforts /have been undertaken since 1980 to train supervisors and mid-level and advanced technicians. The university has been called on to develop through adaptation of its programs, the granting of priority to technical and scientific fields and increasing regionalization/.

We must conclude in pointing out that a lot of work remains to be done and that other efforts should be made in the following areas:

The continued simplification and acceleration of administrative procedures, avoiding especially /repetitive statements/.

Improving means of communication and transportation.

Overall /fiscal reform/ and the adoption of a simple, stable industrial tax system that is understood by businesses.

Well-distributed, high quality economic /information/ and the development of project idea banks.

Subsidies /for founders/ when the project is realized, but also in case of failure.

In these cases, for an approved project, for example, the founder might be guaranteed a job.

The establishment of relations of /trust/ between the public and private sectors.

Trust is the first condition for collaboration and getting the nation to stick to its objectives.

#### FOOTNOTES

1. Jibril, Mohamed, "Crisis: The Moral Impasse," LAMALIF, No 150, October-November 1983.
2. The guaranteed minimum wage went from 2.71 to 3.26 dirhams (1 dirham = 1 franc) on 1 August 1983 (Decree No 2-83-604 of 29 July 1983 (BO [OFFICIAL GAZETTE], 30 July 1983, p 505)).

3. The first code was published in the BO of 19 September 1958, the second in the BO of 10 February 1961.
4. The most recent data published by the MIC [Ministry of Industry and Commerce]. Statistical information is difficult to work out, particularly as concerns establishments and disappearances of firms that are not always reported.

See also the evaluation of the 1973-1981 investment code made by N. Akesbi: "Experience with Industrial Investment Codes in Morocco," International Symposium on Tax Systems and Development, Paris, 1982.

5. The current centralized economy's ability to absorb tertiary management personnel is also very limited. This involves unemployment among many degree-holding economists, jurists and scientists.
6. The state's financial efforts would have represented about 31 million dirhams a year between 1973 and 1980 through the cumulative effect alone of the three chief advantages offered by the code (equipment bonus, reduction of or exemption from customs duties, accelerated amortization). Cf N. Akesbi, op. cit.
7. In connection with this, cf S. Allain, "Private Investments and Development," Aix-en-Provence Symposium, May 1973, in "Developing Countries and Transformation of National Law," A. Pedrone, Paris, 1973, p 253 et seq; "Reports on the Moroccan Management Association Symposium," in Gerer, 1982; M. Azzedine, "The State's Lack of Imagination in the Domain of Industry" (in Arabic), Course of Advanced Studies, ENAP [National Public Administration School], Rabat, 1972; Bensalem Amari, "The Policy of Incentives for Industrialization," idem, 1977; Ah. Dadoun, "The Adaptation of the Administration to Its Economic and Social Functions," idem, 1976; "On the Foreign Exchange Office": Mehdi Tahiry, "The Transfer of Foreigners' Income and Capital Under Moroccan Law," DES [expansion unknown] report on private law, typewritten, Rabat, 24 June 1983; L.A. Rabinovitch, "International Transactions and Foreign Exchange Control," review, BANQUE, 1965, p 398.
8. This speech received considerable publicity in the different Moroccan media (the text may be consulted in the Moroccan dailies of 2 April 1983). The purpose of this well-organized publicity was to underline the interest the king has in the quality of the justice that is rendered and at the same time to serve as the basis for a very important magistrate movement in the weeks that followed.
9. The dahir proclaiming Law No 1-74-467, of 11 November 1974 (amended 4 October 1977 and 25 December 1980), which constitutes a magistrates' charter, provides for surveillance over the financial status of magistrates, their wives and minor children by the king's attorney general (BO, 13 November 1974, p 864; 13 October 1977, p 1263; 21 January 1981, p 26).
10. Since enactment of the law dealing with the Moroccanization and Arabization of justice in 1965, many obstacles have prevented the publication of

Supreme Court decisions. The lacunae ought to be rapidly eliminated under the combined instigation of the minister of justice, the first president of the Supreme Court and professors of the Faculty of Juridical, Economic and Social Sciences of the University of Rabat. It is at the very least shocking to be unaware of the decisions of the highest court in the land and have to refer oneself to rulings handed down in the days of the French Protectorate or in French after independence.

11. Dahir No 1-75-416 of 16 February 1977 (BO, 5 March 1980, p 134).
12. And yet "the best guarantee we can offer for new investments lies in the respect people have for past investments" (F. Luchaire, "Foreign Society and Its Limits" in "Incorporation and Its Limits," "Studies in Comparative Law and International Public Law," Proceedings and Research of the Institute for Comparative Law, Paris, LGDJ [expansion unknown], 1960, pp 169-178, this quote from p 174. In the same vein, cf Haberli, "Foreign Investments in Africa," LGDJ, Paris, 1979, p 129.
13. Ibn Abdeljalil, N. and J. Moneger, "The Moroccan Industrial Investments Code: an Analytic Study of the Dahir of 17 January 1983," to appear in January 1984.
14. The prime minister's Executive Order No 3-9-83 of 9 March 1983 (BO, 18 May 1983, No 3681, p 361) determines the composition of the commission charged with approving the industrial zones in which investors must locate if they intend to request aid from the state in acquiring industrial sites.
15. The dahir proclaiming Law No 1-72-157 of 6 October 1972 governing the creation of a Special Court of Justice charged with the repression of crimes involving peculation, corruption, selling influence and embezzlement committed by public officials, BO, 11 October 1972, p 1321; amended by Dahir No 1-75-164 of 24 April 1975 (BO, 21 May 1975, p 660, and Dahir No 1-80-335 of 25 December 1980, Articles 12, 14 and 31 (BO, 21 January 1981, p 18); see: A. Ouazzani, "The Special Court of Justice," Rabat, 1978; Drissi Alami Machichi, "Penal Procedure," Rabat, 1981, especially pp 70-74; A. Ajouied, "Corruption by Officials in Moroccan Law," DES report in Arabic, Casablanca, 1981.
16. Rousset and Garagnon, "Moroccan Administrative Law," third edition, Royales Press, Rabat, 1979; and testimonials; Amine Benabdallah, "The Prerogatives of the State in Appeals with Regard to Excesses in the Exercise of Power," preface by A. Sekkat, Rabat, 1981.

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CSO: 4519/114

SUPPORTERS COLLECT CONTRIBUTIONS FOR COMMUNIST DAILY

Haifa AL-ITTIHAD in Arabic 19 Jan 84 p 1

[AL-ITTIHAD is an organ of the Israeli Communist Party]

[Text] It appears that the government authorities and the mechanism of darkness that implements its goals have started a new battle in their continuing war against AL-ITTIHAD. Although they have tried to keep their battle hidden, it has been exposed by their terrorist practices in 'Akko where they prevented, just recently, a national song festival organized by the friends of AL-Ittihad in the 'Akko region to support the paper.

The friends of AL-ITTIHAD in 'Akko reserved the Ulmi 'Akko Hall in the city about a month ago and agreed to a fee with its owner. However, he "changed his mind" suddenly and explained that could not put the hall at the disposal of the committee. First he used the excuse that the price was too low, then that the fee had not been paid, then that he would have to consult with his partner and "I don't know if he will accept."

The behavior of the owner of the hall angered the people of 'Akko and Galilee, many of whom had held weddings and celebrations in the hall.

The friends of AL-ITTIHAD stressed that government terrorism would not deter them from their intention to hold a festival as soon as possible. In fact, they went into the streets to collect more donations and sell tickets to the festival.

It is reported that a festival of artistic talents in Mazareth to support AL-ITTIHAD will be held in the House of Friendship Hall at 7:30 tomorrow evening, Saturday, as scheduled.

The festival is scheduled to be held in Haifa on 12 February.

Contributions Campaign

The companions and friends of AL-ITTIHAD are active in a large-scale campaign to collect contributions to support AL-ITTIHAD financially



and compensate for the impact of the country-wide economic crisis. At this writing, contributions have reached 950,800 shekels (9 million pounds).

The largest share of these contributions was collected by the party in the Nazareth area (435,000 shekels), followed by the 'Akko area (250,000 shekels), the triangle (195,800 shekels), and the Haifa area (25,000 shekels).

The most outstanding party branch of comrades and friends of AL-ITTIHAD in this campaign was the Nazareth branch which has collected up to this point a total of 270,000 shekels.

The campaign is still under way.

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CSO: 4404/311

NAZARETH RALLY ADDRESSES ARAB-JEWISH RELATIONS

Haifa AL-ITTIHAD in Arabic 29 Jan 84 pp 1, 2

[AL-ITTIHAD is an organ of the Israeli Communist Party]

[Article: "Nazareth Witnesses Largest Jewish-Arab Demonstration in History of Country Against Racism, For Coexistence"]

[Text] Last Saturday, the Arab city of Nazareth witnessed the largest demonstration in the history of the state and the country championing the cause of coexistence based on equality and mutual respect between the two peoples of the country. This was accomplished through the convocation and success of the historic Jewish-Arab Conference Against Racism and For Coexistence.

The great success was demonstrated by the extensive turnout, unprecedented in the country, of the Jewish and Arab powers of peace and democracy. More than 3,000 people attended the conference and crowded into the two halls of the Nazareth Theatre, its inside courtyard, and the yard outside along the main street. These people represented all of the nationalist forces of the Arab Palestinian masses in Israel, as well as a wide range of personalities, organizations, movements and parties of the Jewish masses, including the Democratic Front for Peace and Equality, the Labor, Mapam, Shinuy and Ratz parties, and the overwhelming majority of peace, democracy and coexistence movements.

The outstanding success of the conference was also demonstrated by its four important resolutions, which are: 1. A denunciation of intimidation and racist practices against Arab citizens, and a call for coexistence between the two peoples based on equality and mutual respect. 2. A call for the elimination of all regulations, resolutions and laws that discriminate against the Arabs on the basis of race, and for the enactment of a law that prevents racist intimidation. 3. A call for government authorities to follow a policy of complete equality toward the Arab masses in Israel. 4. The conference charges the Planning Committee with implementation of the resolutions of the conference in the framework of joint Jewish-Arab struggle by seeking to enlist elements that are prepared to extend their hands to assist this struggle.

## Conference Details

The conference was opened and chaired by psychology researcher Marwan Duwayri, the secretary of the Professors League in Nazareth, who initiated Jewish-Arab activity against racism and for coexistence. He commended those present and their organizations for their response "which fills our hearts with happiness because it is a great response in the [current] Israeli situation." He announced that 25 members of the Knesset from the Front and the Labor, MAPAM, Shinuyi and Ratz parties had announced their support for the goals of the conference. He said, "The Planning Committee was subjected to attempts to distract the conference from its goals and push us into marginal discussions (an allusion to the Uri Avneri 'Alternative' party and his comrades in the 'Progressive' Movement in Nazareth--editor). However, the committee was alert to this and continued its work to achieve the fundamental goals of the conference."

Then the speakers, 20 of them, began to give their speeches in the following order:

Deputy Tawfiq al-Ziyad, the mayor of Nazareth municipality, discussed the phenomenon of discrimination and governmental repression, stressing that the Arab masses, despite racist practices [against them] since the state was established, have clung to the path of brotherhood between the people and coexistence, taking pride in their national identity as Palestinian people and insisting, as a part of the state of Israel, on their rights in their homeland. He addressed the Jewish brothers, saying, "In the struggle against racism, you are struggling for your people." He said to the Arabs, "We must be unified in our struggle against racism and we must break every hand that is raised against us. At the same time, we must strengthen Jewish-Arab brotherhood."

Member of Knesset Shulamit Aloni (from Ratz-MA'RAKH) said, "We have come here not as Jews or Arabs, but as humans, to struggle for equality, the right of all humans to express themselves, and for the protection of a man's status within his homeland."

'Abd-al-Latif Habib, representative of the Regional Committee of Heads of Local Arab Governments, said, "History teaches us that fascism first begins with oppression of ethnic minorities and later also includes opposition elements from the fascist's own people." He implored the members of Knesset, the heads of local governments and writers to intensify the struggle against racism and for democracy and equality.

Haika Grossman, one of the leaders of MAPAM, said, "No people can succeed in building its future of the ruins of another people. Racism is also a Jewish problem. As a Jew, I cannot bear to live in the shadow of racism. All of society must reject it before it becomes uncontrollable. I suggest that we all fight to conquer radicalism in its own house."

Ilan Ben-'Arin, a representative of the Jewish-Arab Understanding Circle in Nazareth and Natzeret Elat, said, "Arabs and Jews have the same origins. They must live and coexist equally, without separation, in one country. Separation widens the gap, but a shared life lessens the hostility. We do not want our city to become a second Johannesburg or our state to become a South Africa."

Rita Khuri, an Arab citizen living in Natzeret Elat, said, "I am surprised and amazed at the racist treatment we receive. However, I find comfort in seeing how all of you people sense our pain and humiliation."

Mordakhay Abi Sha'ul, the writer and head of the League for Human and Citizen Rights, said, "I accuse the entire government and condemn it for its racist policies and practices which we have experienced since the establishment of the state. A criminal officer who committed massacres in the 1950's today sits in the government. There is a basis of evil. May 61 members of Knesset enact a law that guarantees human rights. At that time the government would fall like a rotten piece of fruit."

Member of Knesset Muhammad Watad (of MAPAM-MA'RAKH) said, "We have not only come here to stand against racism and for coexistence, but we have also come for mutual solidarity. Racism is not only a Jewish problem or an Arab problem. It is a problem for all of us. No one can stand aloof." He called for the educational curriculum to change and become a humane, progressive curriculum that calls for Jewish-Arab coexistence.

Clergyman Shihadah Shihadah, head of the Regional Committee for the Defense of Arab Land in Israel, said, "We want to live together in peace and with mutual respect for each other as humans. I do not implore you to be meek, for we are not weak. Together, Jew and Arab, we are strong in our just struggle."

The progressive Rabbi Yarmiyahu Malgrom said, "Everyone knows that the Torah forbids us from discriminating against any human being on the basis of race. However, this is not always applied." He mentioned how he had met a citizen from Natzeret Elat as they were leaving an army camp where they served as reservists, and how hard it was for his colleague to listen to what he had to say about the conference, something which proves the seriousness of the situation.

Member of Knesset Hamad Khalayilah from the Labor party (MA'RAKH) spoke about a continued government policy of racism against the Arabs since the establishment of the state, including the confiscation of land, inheritances and possessions. He said that MA'RAKH had recently agreed to support the passage of a law against racism.

The poet Natan Yonatan said, "What must be said about racism in the world that has not been said already...the blacks in America, Rhodesia, South Africa, the bombing of Lebanon's villages and cities...is that

we Jews who suffered when we were the minorities in the Nazi ghettos are now practicing racism against the Arabs. We must correct this situation immediately and build houses and cities together. The more this occurs, the less we need guns and soldiers. Peace and justice will be achieved and will be the food of life."

Al-Shaykh 'Awdah Sirhan from El Naqab said, "We in the south, like our brothers in the north, have been exposed to ugly, racist discrimination since the establishment of the state. They passed special laws, such as the Land Ownership Law of 1953 and the recent 'Camp David' Law, to force us to emigrate and to rob us. They have created special armies, such as the green patrols and others, to force us to leave. Every honorable human must be enlisted in the struggle against racism and its various manifestations."

The writer Dov Yamia enumerated the racist organizations and crimes and focused attention on the organization led by Refa'el Eytan. Also, he extended greetings from the (Reshet) movement, which includes about 30 Jewish-Arab branches working for coexistence throughout the length and breadth of the country from Naharia to Bi'r al-Saba'.

Professor Kalman Alnaman said, "We are at a crossroads. If racism continues we will be on the road to destruction. The other road, coexistence, is our road. It must predominate before the passage of time. This conference undoubtedly is considered a strong and effective step."

The young man Avi Hay from the "Hashomer Hatza'ir" movement (Mapam Youth) read a famous poem by the German and international dramatist Bertolt Brecht, "When the Crime Comes." The poem describes the danger of remaining silent.

Muhammad Barakah, the president of the Federation of Arab University Students in the country said, "Finkelstein and his gang were only a 'drop' in that great quagmire that includes Refa'el Eytan and his cockroaches, Zevulun Hammer and his cancer, and Begin and the animals that crawl on two legs. The Jewish-Arab struggle against this quagmire and all racist practices is not a tactical issue but an objective definite necessity."

The writer Yoram Kaniuk said, "We must find a way to eliminate the phenomenon of racism from both sides and set up a "garden of Eden" that is a model of coexistence and a "well" for our two peoples to draw from in all meetings and contexts."

Afnan 'Awwad from Lod spoke about the role of the media in igniting racism. She said, "In this way you make us view the Jewish citizen as the exploiting businessman, the policeman and the investigator. Let's get to know him in a different way."

Re'vven Klein, the head of the Jewish-Arab Understanding Committee in the "Rotary" organization spoke about the activities of the Rotary clubs. He praised Zionism and its goals and said that understanding must come without influence from parties on the right or the left.

Dr Tasfi Kolokofski said, "In my worst dreams I never imagined that I would be standing at a conference against racism in Israel. What is this situation that makes us in 1984 in the state of Israel, whose people have suffered from racism for thousands of years, practice racial discrimination against the Arabs? What ugly disease is this? I swear to struggle with all my strength and effort until this disease is eradicated."

#### Greetings

The president of the conference announced that he had received dozens of greetings supporting the conference, including greetings from Member of Knesset Yosi Sarid; the previous secretary of the Labor party and the Sheli party, Arye Loba Eli'av; the professor Dr Dafriz; the heads of local Arab councils and Arab high school and university student committees; branches of the Front; Jewish-Arab student "campus" organizations; the Democratic Women Organization; the Hatekhof Factory Workers Committee; the Druze Initiative Committee; the Hay Wolfson Jewish-Arab Committee in 'Akko; the University League in Shefar'am; the (Kirm) Organization; the Coexistence Committee at Haifa University; and others.

Greetings also arrived from the Anti-Discrimination Committee (ADC) in the United States, which is headed by James Zughbi, and from the International Committee for the Rejection of Military War Service.

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CSO: 4404/311

PLAN SAID PUSHING ARABS FROM OLD 'AKKO

Haifa AL-ITTIHAD in Arabic 30 Jan 84 p 2

[AL-ITTIHAD is an organ of the Israeli Communist Party]

[Text] A "special evacuation team" will be formed to shrink the area of old 'Akko and evacuate those who have "penetrated" the homes there and those who are living on territory in the "Barbur" region.

This disturbing news was published in the 'Akko newspaper TZFON 1 last Friday, 27 January 1984. The article stated:

"According to statistics gathered recently there are 919 housing units. The old 'Akko Development Company is requesting that the houses to be evacuated be placed under its disposal. Those who will be evacuated from the city will be moved to the village of El Makr, which currently has 40 vacant housing units. Twenty-one lots have been prepared for the 'Build Your Own House' project in El Makr. In addition, 45 dunams of arable land can be converted to building zones. The Ministry of Tourism is threatening not to grant any tourism money to 'Akko until all of the requested conditions are fulfilled, that is, the resettlement of the Arabs."

The newspaper TZAFON 1 did not mention who would establish this team, when it would be established, or where it would derive its authority to evacuate citizens from their homes and land. It appears that this evacuation will be done by force. Also, the paper did not mention how this team would behave with Arab citizens who refuse to leave for El Makr.

Our correspondent adds that the formation of such a team, in addition to the racist statements that have been issued by 'Akko rabbi Yishar concerning the impermissibility of Arabs and Jews living in the same quarter and the certainty of the destruction of the official Arab school, indicates that a dangerous position is crystallizing in the central and local governments against the Arabs of 'Akko. It also indicates the existence of black, racist intentions to evacuate them by force from the city of their fathers and grandfathers.

It is worth noting that a wave of anger and indignation has spread among the city's Arab citizens, who view this matter as a new escalation of the policy of intimidation and provocation against Arab citizens, and the latest episode aimed at worsening relations between the two peoples of the shared city.

12608

CSO: 4404/311



ARTICLES EXAMINE COUNTRY'S PUBLISHING INDUSTRY

Remarkable Advancement Noted

Jiddah SAUDI BUSINESS in English No 44, 5 Mar 84 pp 22-31

[Article by Habib Rahman: "Saudi Arabia's Publishing Industry Prospers"]

[Text]

◆ Publishing in the Kingdom of Saudi Arabia is an industry which dates back to the time of the Turkish era. Growth of the industry was felt only after unification of the Kingdom by the late King Abdul Aziz. The establishment of printing presses by the government for the publication of official notifications, documents, and the starting of **Umm Al Qura**, the official gazette of the government, gave it a much needed push. But real development or modernization came only in the '70s, during the oil boom, which resulted in an economic upturn and the creation of a strong base for industrialization.

During the last 30 years, the industry has undergone tremendous progress, drawing worldwide attention. Very few countries in the world have had as remarkable a development as that of the Kingdom. In the Middle East, the country is setting trends and precedents. A number of factors have influenced the Saudi publishing industry to undergo revolutionary changes. The government's stress on education, the emergence of an educated class, technological development, the need to

propagate Islam, and keep people informed about the Kingdom's modernization process were some of the major factors which caused the publishing industry to grow.

Today, there are ten daily newspapers, ten weeklies, 21 monthlies, two bimonthlies, five quarterlies, nine semimonthlies, and two annuals in the Kingdom. Publishing can be divided into two sectors: newspapers and magazines, and book publishing houses, which are the offshoot of the oil boom.

In the '30s, when the Kingdom was slowly emerging as a modern country, the publishing industry was in its infancy. **Umm Al Qura** was the only official newspaper to keep the people posted on day-to-day developments. During this period, the Kingdom's first private magazine was born. **Al Manhal (The Spring)** was launched in Madinah as a monthly magazine 50 years ago by the late Allama Abdul Quddus Ansari.

Ansari was a literary man who dedicated himself to the development of the Arabic language. He gathered together literary men and formed the country's first Saudi

Literary Club, so that literary figures could express themselves. They held monthly meetings, which also drew laymen, and discussed a number of issues pertaining to arts, culture, and literature. Ansari thought the time was ripe to bring out a literary magazine to quench not only the thirst for literature, but also to act as a forum for discussion on different topics. Thus, the magazine emerged and Ansari aptly named it **Al Manhal**.

King Faisal took special interest and gave full support to it, said Nabih Abdul Quddus Ansari, now president and chief editor of **Al Manhal**. "Had it not been for the King's support, the magazine would not have survived," Nabih Ansari said. When Ansari, then working as an official at the Governor's office in Madinah, was transferred to Makkah as the Chief Editor of **Umm Al Qura** newspaper, he took the magazine with him to the holy city and started publishing it from there. After some time, he came down to Jeddah to work at the King's office, and the magazine was also transferred to the port city where it is now published.

Nabih Ansari told **Saudi Business** that the magazine has made tremendous strides during the last 50 years. "The circulation has increased from a mere 200 copies a year to 16,000, and its readership is much more than that," he said, adding that **Al Manhal** is distributed all over the world and is very popular, especially in the Middle East. "Our readers are those who love literature and want to promote it," Ansari said. Over the years the cost of production has also gone up, from SR300 to SR70,000. In the past, a copy was sold for several halalas (100 halalas per one riyal). Now the magazine is priced at SR8 and in some poor countries it is sold much below the retail price. Occasionally, it brings out special editions, supplements, feature articles, and analyses. The magazine has its own correspondents in Egypt, Jordan, Tunisia, Morocco, and Spain.

Of the total production, 60 percent is sent to subscribers, 25 percent is sold through bookshops, and the rest is sent to different Islamic organizations, libraries, and universities as a gift. Though its popularity is rising constantly, it is losing an average SR500,000 a year, said Ansari. "Since we are dedicated to the cause of Arabic literature, we are not concerned with the loss." He recalled his father's favorite words, "I have two sons; one is Nabih Ansari and the other is **Al Manhal**." The deficit in the budget is met from his personal income.

In the same era, the Kingdom's oldest daily newspaper was born. **Al Madinah** was founded in Madinah on April 8, 1937, by two brothers, Ali and Osman Hafiz, with a small capital investment. They used their life savings to purchase a flatbed printing press, which Osman went to Cairo, Egypt, 960 kilometers away, to buy. When it arrived at the little port of Yanbu, 160 kilometers from Madinah, the town's entire population joined the Hafiz family in welcoming Saudi Arabia's first printing press. While it was being unloaded, the press crate accidentally fell into the sea and the whole town jumped after it. Days later, the valuable press was loaded onto a train of camels and delivered at the backyard of Ali Hafiz's house. It took two months to unscramble and assemble the press, but the first edition of **Al Madinah**, with a photograph of King Abdul Aziz ibn Saud, soon rolled off the press, ushering in a new era in the printing industry.

In late 1964, the newspaper was moved to Jeddah from Madinah, and, in the same year, a Royal Decree was issued to the effect that all newspapers in the Kingdom should be published by organizations instead of individuals. The ownership was then transferred to the Al-Madina Press Estab. Shaikh Ahmed Saleh Jamjoom is currently director general of the Establishment. Later, two affiliated organizations, Al-Madinah Advertising Agency and Dar Al Ilm for Printing and Publishing, were

established. Now Al-Madina Press Establishment has a capital of SR100 million.

Ghalib Hamza Abdul Farj, Editor-in-Chief of **Al Madinah**, told **Saudi Business** that since its inception the newspaper has continued to serve the objectives of journalism. "A major characteristic of our newspaper is its Islamic orientation. We have contributed a great deal to the achievement of the goal of Islamic information, as it is one of the foundations of Islamic solidarity," he said, adding that since the Kingdom of Saudi Arabia is the initiator of the present Islamic resurgence, **Al Madinah** has been active in this scene. "We always try to improve our quality and due to these efforts, it is considered one of the great Arabic newspapers of the Middle East," he said. "**Al Madinah** is known for its high standards." Currently, the newspaper brings out the weekly supplements **Al Arbaa** and **Malaib Al Riyadia**. "We are planning to change these supplements into magazines for sports and family affairs. The existing supplement on our cultural heritage and legacy will be embodied in monthly coverage of all Islamic heritage and thought.

"As for the **Al-Madinah** monthly book, we are going to resume its publication. Great stress will be laid on originality and materials on human thought in general," he said. "Our great ambitious project is an Islamic magazine which we are considering publishing monthly, first in English, French, and other European languages. An Arabic edition would follow later," he said. Before venturing into this, intensive studies will be conducted, since "we know that the marketing of printed matter is more difficult than marketing any goods".

Ghalib Abul Farj said that though distribution of **Al Madinah** is being done through the usual channels, it is not scientifically done. There is a lot of room for improvement in this sphere, he said. "In this connection, we have held meetings with other press establishments and

recommended setting up a joint organization to undertake the distribution of all newspapers throughout the Kingdom," the Editor-in-Chief said. The recommendation has yet to reach the stage of fruition, however.

**Al Madinah** has overcome the problems of printing by introducing the latest technology. It has plans to recruit editors of high caliber to raise further the standards of the newspaper, and it is planning to print simultaneously in Riyadh and Madinah for distribution in the Kingdom, and in Tunisia for distribution abroad. All these efforts have made the newspaper a much sought-after daily, Farj added.

Another of the oldest newspapers of the Kingdom is **Al Bilad**, which was founded approximately 53 years ago with the name, **Saut Al-Hijaz** (The Hijaz Voice). The name was then changed to **Al Bilad Al Saudia**.

Dr. Abdulaziz Al-Nahri, Editor-in-Chief of **Al Bilad**, told **Saudi Business** that, over the years, the newspaper has grown in strength and coverage. "When I took over the paper one and a half years ago, the newspaper was facing a lot of problems. One of them was the sagging image of the paper. I gave a different direction to it, focusing more on domestic news rather than international. The result was, in the next six months the circulation doubled and, in the latter half of the year, it tripled," Dr. Al-Nahri said, adding that although they faced competition, they do not worry about it now.

**Al Bilad** recently augmented its bureau offices in Taif, Dammam, Riyadh, and Madinah, in addition to opening news offices in Qasim and Hail. The newspaper is planning to open offices in Tabuk, Gizan, and Abha in the Kingdom, and in Sudan, Morocco, and Great Britain. "Though our staff has increased by ten percent over the years, the stress is more on quality rather than on quantity," he said, adding that the recently sluggish economy has not

affected circulation. Every Thursday an eight-page sports supplement is brought out, gaining popularity among sportsmen and sports enthusiasts. Dr. Al-Nahri is optimistic about the paper's future, and he says it will continue to grow despite a change in the economic scene. Nearly 15 percent of the circulation goes to Egypt, North Africa, and the Gulf states, where it has earned a name for itself.

In 1967, a weekly economic magazine, **Saudi Economic Survey**, made its appearance in Jeddah. The news bulletin of eight pages was created to cover the economic scene. Abdelhakim Ghaith, Managing Editor since the magazine's inception, told **Saudi Business** that the launching of this publication was necessary to meet the demands of companies, embassies, and banks. Over the years, it has grown into a 28-page magazine, distributed only to subscribers. "Nearly 25 percent of the total production goes to the United States, Europe, Japan, and the Far East, and the rest is distributed in the Kingdom," Ghaith said. The main feature of the magazine is its coverage of domestic news. It was launched with four employees, and now there are eight. Recently, it was moved to a new building to enable it to provide its readers with more coverage.

Five years later, the Kingdom witnessed the emergence of a new company on the publishing scene, one which has become a powerful force in the field. Behind this force are two brothers — Hisham Ali Hafiz and Mohammad Ali Hafiz — sons of Ali, one of the founders of **Al Madinah** newspaper. The two brothers, after gaining experience as editors and managers at **Al Madinah**, established Saudi Research and Marketing Company (SRMC) in Jeddah in 1972. The main purpose of the company was to offer innovative journalism and, at the same time, fill a gnawing gap for qualitative and reliable publications. Two years later, Saudi Arabia's first English-

language newspaper, **Arab News**, hit the newsstands. During the next seven years, the Hafiz brothers set a precedent by adding seven more publications to their list.

In the beginning, SRMC had only five persons on its payroll. Now, thanks to meticulous planning and dedicated efforts, the company employs nearly 1,000 people at its headquarters in Jeddah, as well as its editorial bureaus throughout the world. Together with this phenomenal growth of the company, all of SRMC's publications have reached international readership, gaining recognition for their news coverage and in-depth analysis.

"Our main aim with **Arab News** was, and is, to provide the best possible coverage of international news, promptly and accurately," said Hisham Ali Hafiz, adding, that what was needed was quality and this was where SRMC came into the picture. **Arab News**, in 11 years, has become the most widely read English-language Arab newspaper, not only in the Kingdom, but throughout the Middle East. Last year alone, it registered a 30 percent rise in its circulation. In addition to news, it has other features, and in-depth analyses covering a wide range of business and other fields. The following year, in 1975, the company introduced the Kingdom's most comprehensive economic and business magazine, **Saudi Business**.

The third publication was **Asharq Al Awsat**, which made its appearance in July 1978 in London. It was the first international Arabic daily newspaper to present reliable international news. Very soon, it became the number one Arabic newspaper in the Middle East and the only Pan-Arab publication to be printed simultaneously in London, Jeddah, Riyadh, Paris, Casablanca, and, soon, the United States. Mohammad Ali Hafiz said that by 1985 the newspaper will be printed at eight points throughout the world simultaneously, so that the papers will

reach every corner of the globe. Currently, the newspaper has a circulation of over 100,000 copies in more than 40 countries.

Early in 1980, SRMC initiated the first transmission of the pages of **Asharq Al Awsat** via satellite from its base in London to its offices in Jeddah and Riyadh to enable it to be printed in each location simultaneously. The Muirhead Lazer Pagefax machine, similar to the one used by the **Wall Street Journal**, is used for speed printing and distribution of the newspaper. Recently, a similar system was commissioned and set into operation in Paris as well.

In 1979, SRMC began publishing **Saudi Report**, thus filling a gap for an Arab newsletter exclusively designed for a North American audience. It covers not only Saudi Arabian news of economics and finance, but also provides a wide coverage of the Arab World. This weekly is produced from Houston.

In January 1980, **Al Majalla** was first published in London. It was the first international four-color Arabic news magazine, and it has now achieved over 100,000 copies in circulation in more than 40 countries. NBC, a major national television network in the United States, has called it the most reliable and authoritative news magazine in the Middle East.

An exclusive four-color family magazine popular with women was launched in London in March 1981. **Sayidaty** quickly achieved wide acceptance for its regular features on cosmetics, jewelry, hair styles, fashion, travel, education, religion, and arts. Last year alone, its circulation jumped 70 percent over the previous year.

The Saudi Government established the Saudi Press Agency (SPA) in 1970 to provide local, official, and international news to television, radio stations, and newspapers. Headquartered in Riyadh, SPA soon spread to villages, towns, and cities all over the Kingdom. Abdul Wahab Muhammad Kashif, director of SPA

in Jeddah, said that the government organization has appointed reporters and correspondents in North Yemen, Egypt, Lebanon, Britain, the United States, and Tunisia. At all these places, independent offices with teleprinters, operators, managers, and newsmen have been stationed. In addition, correspondents have been appointed in Bonn, Islamabad, and New York. In Jeddah alone, SPA has eight reporters and a fully equipped photographic department. An average of 80 news items are distributed to newspapers each day, as compared to 20 items in the past.

**Al Riyadh** newspaper was founded in 1964 by Al Yamamah Press Estab., which also publishes **Al Yamamah** magazine. Turki Abdullah Al Sudairi, Editor-in-Chief of the newspaper, told **Saudi Business** that the excellent transportation facilities in the Kingdom have made it easier for **Al Riyadh**, published from the capital, to reach the farthest cities, towns, and villages, and have helped increase circulation. The emerging importance of Saudi Arabia as an economic power has a salutary effect on the paper, bringing in more advertisements, thus increasing its revenue. Sudairi started his writing career as a short story writer and later became a sports critic, landing a job in the sports section of the newspaper. After holding several positions at the paper, he rose to the post of Editor-in-Chief.

**Okaz**, an Arabic newspaper, was established by Ahmad Abdul Gafoor Attar in 1960. For almost a year, it was issued as a weekly magazine before it became a daily newspaper. In 1964, the ownership was transferred to the Okaz Organization for Press and Publications, a shareholding company of 27 persons. Later, in 1976, the company started an English newspaper, **Saudi Gazette**. In 1977, a weekly magazine for children, **Hassan**, was issued. But after three years, the publication was discontinued. It was a failure

from an economic point of view. Iyad Madani, director general, said the company is planning to reissue the children's magazine in the near future.

**Al Nadwa**, the first Arabic newspaper in the Western Province, was started in 1973. Its present Editor-in-Chief is Hamed Hassan Mutawi. **Al Nadwa** is published from Makkah.

**Al Jazeerah** was founded in Riyadh in 1974 as a daily newspaper by a corporate body of 28 persons. Its present Editor-in-Chief is Khaled Al

Malik. In the same year, **Al Youm** was established as a weekly in Dammam, in the Eastern Province. After three years, the magazine was published, first twice a week, and later three times a week. After some time, it became a daily.

In 1975, **Al Dawa** came to the Riyadh scene. This weekly magazine is the only one in the Kingdom which shuns photos and does not indulge in any sort of advertising about cigarettes. The magazine was established by the Islamic **Dawa** Company.

### Publishers Diversify Activities

Jiddah SAUDI BUSINESS in English No 44, 5 Mar 84 pp 32-33

[Article by Habib Rahman: "Book Publishers Diversify Business Activities"]

[Text]

◆ A new breed of publishing houses surfaced recently in the Kingdom, most of them book publishers eager to cash in on the economic boom. One of the most important houses is Saudi Arabian Arts and Cultural Society, which came into being in Riyadh in 1973 through a royal decree. The Society is a wing of the Youth Welfare Ministry, headed by Prince Faisal bin Fahd. Muhammad Hamed Shiddi, the Society's President, said that it opened branches in Ahsa, Taif, Jeddah, Abha, and Dammam to help promote the arts and culture of the regions. The Society publishes a bi-annual magazine containing articles, poetry, and literature on a variety of subjects. "So far, we have published 120,000 copies of different titles and had distribution in every corner of the country. Every year, about 20,000 copies are printed," said Shiddi, who has been the president of the Society for the last six years. Before that, he was President of **Al Yamamah** magazine for ten years. Dedicated to the promotion of Arabic literature, the Society is in the forefront in its support of writers and poets.

One of the most prominent firms in the book publishing field is the Jeddah-based Saudi Publishing and Distribution House, founded 18 years ago. In the beginning, it used to import books in the Kingdom. The company publishes nearly 70 titles a year in Arabic, covering a wide reference field. Some of them have also been published in English. Saudi Publishing and Distribution has opened branches in Dammam, Riyadh, and Jeddah, and also distributes books to all the bookshops in the Kingdom. In addition, it exports books to Gulf states. To boost sales, it keeps 20 salesmen constantly on the move, so that even small bookshops are not neglected.

The publishing business is bound to expand due to the great stress the government is placing on education, said G.F. Mirza, sales executive of Saudi Publishing and Distribution. Competition is fierce, however, due to the presence of a large number of foreign companies that produce books on a large-scale basis and sell them here at very competitive prices. Of late, there has been a noticeable change in the imported books, with more of an

emphasis on Saudi Arabia's taste.

Another major house in this field is Dar Al Shorouq, which was established in 1973 in Jeddah by two businessmen, Muhammad Noor Jamjoom and Mohsin Baroom. In the beginning, Dar Al Shorouq started by importing books like other firms, to meet the increasing demand of universities, libraries, and students.

"Yearly, we used to import books worth SR1.5 million," said Muhammad Al Ramahi, Assistant General Director. In 1980, the firm began publishing books, and the demand was so great that it published one title every week. "Now, due to the slow economy, we print one title every 12 days," he said, and added that so far, the firm has published over 500 titles. There are occasions when a title has even been reprinted for the ninth time.

"We concentrate on good quality and content," said Al Ramahi. Most of the writers are highly educated and some are professors. Nearly 35 Saudi authors regularly write for the company. In three years, Dar Al Shorouq has attained a big name in the Arab World. Since it usually caters to the needs of university students, it faces a slump in business during school vacations. Last year, it printed an English vocabulary for the Holy Qur'an for the first time. The market for this unique book seems to be growing fast. The company has also started exporting books to neighboring states, North Africa, and the Far East, and to worldwide Islamic organizations. Dar Al Shorouq expects to fare even better in the future because, as the company executive said, the market for local books is rising rapidly.

Riyadh's Dar Al Wattan, a major publishing company, was established in 1976. It is one of a very few companies which started publishing books from the very beginning without resorting to imports. Its president, Ali Shiddi, said the com-

pany would have experienced a much better growth rate had there been a scientific distribution system. Shiddi, who chose this line of business out of love for literature, thinks the best form of promoting books is through book fairs and exhibitions, which his company participates in regularly. The main client for all the local publishers is the government.

If the local book publishers are losing money, as most of them are, it may be due to a lack of support from local people who are more interested in watching videos than in reading books. "Unless an awareness is created, we will continue to lose money," Shiddi said. To overcome the deficits, the company has diversified its business activities by going in for commercial publications, such as guides, that have attracted considerable advertisements, which are necessary for the promotion of any book.

Despite losses, many publishers are still in the business for the simple reason that they want to serve and promote literature. At the same time, many are diversifying into commercial fields so they can meet the rising costs of production. Dar Al Wattan is planning to set up a modern printing press to meet the qualitative nature of printing. "We do not want to become just another of the printing presses in the Kingdom," he said, adding that the company's stress will be completely on quality.

A house which has made a name for itself in the industry is Tihama Publications and Bookstores, established in 1980 in Jeddah. Since its inception, it has published various series of books, such as Saudi Arabian Books, Tihama Publications, Economic Studies, and Social Studies. Tihama has also published books written by Saudi university professors which it markets along with its University Series. Fakhry Ezzee, Vice President for Publications and Bookstores, said that, in the scientific field, it issues a series under the title

**University Thesis**, which will include scientific research works done by Saudi scholars. "We also publish a special series for children and youth with an Islamic orientation," he said.

In addition, the company tries its best to bring out other national, historical, and cultural treatises. For example, Aziz Dia, a Saudi author who had written 23 books and yet remained unknown, was brought into the limelight by the publishing of eight of his books. Efforts are being made to bring out other works, Ezzee said, adding that Dia was the writer who translated George Orwell's 1984 into Arabic. It is expected to be released by Tihama in a week's time. Works of another Saudi author, the late Hanza Shehata, are also being published.

Abdul Rahman Menaie, Vice President for General Affairs at Tihama, said that demand for English books is going up. Tihama also exports books to several countries. Nearly 20 percent of its total production goes out of the Kingdom. Currently, it operates a total of 58 bookstores throughout the country,

through which it distributes all its books. The first company in the Kingdom to come out with **Who's Who in Saudi Arabia**, in 1976, Tihama has since published three updated editions of this book. In addition, it also published an economic directory to provide businessmen necessary information about the country. The book lists 6,500 companies' names in alphabetical order. The company is planning to expand cooperation with Gulf publishing houses and international companies as well, and to seek the right to translate important books into Arabic.

Fierce competition in book publishing has brought about a new trend, a trend for better quality books. In the past, there was not much demand for quality, and anything would have sold. But the scene has changed completely. Customers have become more quality-conscious and content-conscious. The sluggish economy, which has taken away some business, has created an awareness for better products, and publishing houses have started marketing their best possible materials.

#### Advanced Technology Used

Jiddah SAUDI BUSINESS in English No 44, 5 Mar 84 pp 34-36

[Article by Habib Rahman: "Printing Firms Turn to Advanced Technology"]

[Text]

**T**he history of the printing industry in the Kingdom of Saudi Arabia is more than 50 years old. It is one of the few fields which remained unattractive, from an economic point of view, until recently. In the '70s, when the economic scene picked up, the sector witnessed unprecedented development. According to a study conducted by British experts, in 1978, there were 240 printing units in the Kingdom; by 1983, that figure had jumped to 390, an increase of 150 per-

cent. In Jeddah alone, there are 40 major units.

The establishment of hospitals, schools, libraries, publishing houses, travel agents, and commercial offices are some of the main reasons for the increase. This growth, as expected by many businessmen, has given rise to very stiff competition. The business was very good until 1982, with most of it coming from government ministries and agencies. Of late, some ministries have set up their own presses. Along with this loss of business is a lull in the economy, which has caused concern in the industry. Some printing firms have



laid off employees and others are trying to attract customers by giving discounts.

To encourage local industries, the government recently issued an order banning the printing of books of any sort outside the Kingdom. This has been a great relief to the industry, and market conditions are expected to pick up very soon.

Dar Al Asfahani Printing was established by Muhammad Hussein Asfahani, who built a large press 30 years ago. The firm was started with 20 workers and now it has 222 employees on its payroll. Six years ago the press was moved from downtown to a more spacious office on Madinah Road. In 1980, it consumed 3,500 tons of paper a year; in 1981, 4,000 tons; and in 1982, 5,000 tons. In 1983, the firm faced a slump brought on by the slow economy. "Our capacity is 7,500 tons," Asfahani said. Its major client was the Ministry of Education, which used to have school books printed.

Two major problems of the press are fierce competition and lack of skilled Saudi manpower. Asfahani, elaborating on these problems, said that owing to the presence of a number of small units, which do not have a steady expense, "our profit is adversely affected. Even if these units give a discount of one percent, they can make money and attract customers." Though Dar Al Asfahani is trying to hire Saudi personnel, it is experiencing difficulty in finding them.

The press is known in the industry for engravings and rubber-stamp making. In addition, it prints commercial materials, books, reports, and posters. Recently, it opened an office in Riyadh. Dar Al Asfahani is planning to add machinery capable of silk screen printing and plastic sticker-making. "If the market condition recovers, then the old machinery will be replaced with the latest technology," Asfahani said.

In 1974, Sahar Printing Press came into existence to meet the increasing demand from publishing

houses, universities, and many other commercial establishments. Abdullah Omar Khayyat, the proprietor of the press, said Sahar was started on a small-scale basis. Over the years it grew, making it necessary, in 1981, to move into a larger plot in Jeddah's industrial district, equipped with greater infrastructural facilities and modern machinery. "We have established a very good reputation for our quality in the Saudi Arabian printing industry," he said. The number of employees has also increased, from 25 to 250, over the years.

The company's activities include commercial printing, designing and artwork, manufacturing of wallpapers, and packing artboxes, and different types of offset, letterpress, web-offset, silkscreen, and nyloprint printings. The press is entering into a sales distribution agreement with various trading houses for wallpapers.

In 1977, Mubarco Printers, founded by Samih A. Jaamour, came on the scene. The press is equipped with offset, flexographic, silkscreen, commercial and industrial printings, as well as designing and manufacturing of boxes, wrapping paper, and plastic and paper bags. Its clients include government departments, banks, airlines, restaurants, hotels, and commercial establishments. Recently, it introduced a unique type of corrugated folding wedding cards to meet the taste of the wealthy. "We are the first to introduce such a type of card in the Kingdom," Jaamour said. Last year, the press consumed 2,500 tons of paper and 1,000 tons of plastic materials.

Another active press is Nasr Packaging and Printing Co., which was founded by three businessmen — Muhammad K. Abid, Abdullah Akill, and Ismail Okaili. It was started with 50 workers, and, after five years, it employed 105. Last year, it won a government contract to print 2.1 million copies of school books. One and a half years ago, it moved to a new spacious building,

equipped with modern machinery and facilities. Sharif Shatrit, Deputy Managing Director, is optimistic about the future market situation. Since a number of schools are being built, the demand for school books will rise dramatically, he said.

As the demand for printing is increasing, so is the demand for newsprint and the latest printing technology. In both fields a number of companies are vying with each other for a better market share. Saudi Import and Export Co. (Simpex) has been doing business in the Kingdom for the last 14 years. With seven trucks and six forklifts, Simpex meets the newsprint demand of almost all printing presses and newspapers in the Kingdom. The demand for this raw material has increased by 400 percent in the last six years. The company maintains two big warehouses in Jeddah, where a majority of printing units are located; one in Riyadh, and one in Dammam, so that prompt delivery can be made. The competition in this field also has cut down the company's profit, said a Simpex official. It is planning to establish paper conversion plants in Jeddah and Dammam in the near future, to meet the demand for computer papers, which is currently met through imports.

When the question of advanced printing technology arises, International Agencies Ltd. (IAL) comes to mind. A printing press distributor, IAL was founded in 1979; it markets the products of a number of manufacturers worldwide. Barry Crofford, Sales Manager, said IAL, since its inception, has installed more than 110 units of Compugraphic, a bilingual typesetter, and seven direct color scanners throughout the Kingdom. It also markets booksewing machines, high-speed saddle stitcher and automatic numbering machines, in addition to automatic binders, Grapha Business Forms, and rotary printing presses.

"We will soon introduce the Harris webset press, a modular composition system (MCS), fully automatic

book sewing machines, and Grapha Progress 20," said Crofford. All of these are based on the latest technology, he added. MCS is the most sophisticated and will be launched in four months. The sales manager thinks there is a good market for all this machinery, since the printing industry is developing rapidly. Most of the presses which are equipped with the outdated equipment may also be replaced with the latest technology. "IAL provides quality service back-up and operator training which is why we occupy a leading position in photosetting, color separation, and bookbinding equipment," Crofford said.

Another name associated with advanced printing technology in the Kingdom is Al Madinah Printing Company, which is owned by Saudi Research and Marketing Company, publishers of seven newspapers and magazines read throughout the world. In an effort to provide up-to-the-minute news, the company recently installed a full-size web offset press in Casablanca, Morocco, to print and distribute **Asharq Al-Awsat** closer to its readers in North Africa. The company also has printing facilities in Riyadh to print **Asharq Al-Awsat** and **Arab News**.

At its Jeddah headquarters, Saudi Research and Marketing houses one of the most advanced printing presses to date — the new Baker Perkins press. This sophisticated press gives the publishing firm exceptional magazine printing facilities. The company uses the Baker Perkins press to print not only the Jeddah-based **Saudi Business & Arab Economic Report**, but also to provide local printing of the London-based magazines **Al Majalla** and **Sayidaty**.

Whatever may be the current market situation facing the printing industry, Saudi Arabia is expected to maintain its progressive position in the Middle East.

## Leading Company Examined

Jiddah SAUDI BUSINESS in English No 44, 5 Mar 84 pp 37-38

[Article by Jerry Brown: "Al-Madinah: A Leader in the Printing Field"]

[Text]

◆ First there was the written word, which was followed by printing. Today, printing has evolved to the state where major printing firms are using high technology and automation to bring first-hand information and news to the public. In the Arab World, Al Madinah Printing and Publication Company has emerged as one of the leaders in the field.

Al Madinah, headquartered in Jeddah, was established as a commercial press in 1965. Initially, the firm was involved in printing newspapers and books on a commercial basis, but in 1975 the owners, brothers Hisham and Mohammad Hafiz, started the first English daily in Saudi Arabia by creating a sister company, Saudi Research and Marketing Company. According to manager Abdul Hadi Bafakir, Al Madinah today is, in a sense, a member of the total Saudi Research and Marketing family.

Presently, Al Madinah is involved in printing all the sister company's publications: the English daily Arab News; the Arabic daily Asharq Al Awsat; Saudi Business, a weekly magazine in English; Sayidaty, an Arabic weekly; and most recently, the weekly magazine Al Majalla. "Apart from the publications we print regularly, our commercial department is also involved in printing outside jobs, such as invoices, books, and brochures," says Bafakir. "We print just about anything that is available in the market."

According to Bafakir, Al Madinah's business grew last year, with some of its major clients being Saudia, the national carrier of the

Kingdom, National Commercial Bank, and Al-Jazira Bank. "We also do a large amount of work for major advertising companies, such as Tihama," he added.

Al Madinah is one of the most sophisticated printing houses in the Middle East. Dedicated to introducing the state-of-the-art in the printing business to the area, Bafakir says, "We try to employ the latest systems that are available in the market for what we require. We use the latest equipment in composing and plate making," Bafakir says, adding that the company also employs the use of a German Klimsch camera and recently introduced color separation by using a scanner. "This is another service we are trying to introduce to the region," Bafakir says.

Al Madinah's plate room is equipped with two Autoneg 82 plate processors, an Autopos 125, and a 2-DL Thermotect Baking Oven. The first Amazon plates to be run in the Kingdom were successfully tested on the company's Baker Perkins Gemini web-offset press. In addition, the firm was the first printing house in Saudi Arabia to use Marathon AQ plates on their Goss Community press. Two editions a day of Arab News are printed simultaneously in the Riyadh branch and in Jeddah plants using facsimile transmission on the Riyadh edition.

With a workforce of 130 to 140, Bafakir says, "this figure is low compared to the volume of work which comes off our production lines."

The volume of work done at Al Madinah is reflected in the amount of material it consumes each year.

According to Bafakir, the company's annual consumption of paper is around 9,500 tons. White newsprint represents about 70 percent of this amount, while the traditional green print, used as the cover pages for Arab News and Asharq Al Awsat, represents the remaining 30 percent.

"We also use about 3,600 tons of mechanical coated paper per annum for printing magazines," Bafakir says, adding that an additional 200 tons per year is consumed for small commercial work, such as cards and magazine covers. Bafakir says the company purchases the bulk of its paper from manufacturers in Finland, but also buys from other parts of the world.

In addition to paper, Al Madinah also consumes large quantities of ink. "We use about 50 tons of black newspaper ink in our Jeddah

plant and about 40 tons per year in the Riyadh branch, which prints only newspaper and not commercial jobs," states Bafakir. Furthermore, the firm uses per annum about 100 tons of heat-setting ink for magazines. Heat setting-ink is used for the four basic colors — yellow, black, red, and blue — used in color printing. "Presently, all the ink we use for magazines and newspapers comes from Italy," says Bafakir.

"We don't claim we are the largest or best, but we specialize in certain lines and what we offer others might not have. Our finished product is the only thing by which our company should be judged," Bafakir contends.

To date, Al Madinah operates in Jeddah and Riyadh, but, Bafakir says, "By the end of this year we hope to have another press operational in Dammam."

CSO: 4400/194

BANGLADESH, JAPAN SIGN GRANT AGREEMENTS

Dhaka THE BANGLADESH TIMES in English 1 Mar 84 p 8

[Text] Bangladesh will receive from Japan a grant of approximately Taka 56 crore equivalent to 5.60 billion yen under three separate agreements signed between the two countries in Dhaka on Wednesday, reports BSS.

Under the first agreement Tk. 17.5 crore will be available as Japan's grant assistance for debt relief to Bangladesh in accordance with the 1978 resolution 165 of the Trade and Development Board of UNCTAD. The grant, sixth of its kind, will be utilised as untied commodity grant for procurement of various commodities mutually agreed upon between the two governments.

The second agreement will provide Bangladesh with approximately Taka 33 crore under the Second Kennedy Round Grant Assistance Programme. Of the total amount Taka 31.7 crore will be utilised by the Bangladesh Agricultural Development Corporation for procurement of shallow-tubewell equipment from Japan for implementation of its irrigation project for increasing food production. The balance amount of Taka 1.30 crore will be utilised by the Ministry of Agriculture for procurement of pesticide for the plant protection projects.

The third agreement will provide Bangladesh with a grant assistance of approximately Taka 5.5 crore which will be utilised by the Relief and Rehabilitation Division of the Ministry of Food for procurement of galvanised iron sheets for its rehabilitation projects in flood and cyclone affected areas.

The agreements were signed by the Secretary of the External Resources Division Mr Mofizur Rahman and the Japanese Ambassador Mr Shunji Kobayashi on behalf of their respective countries.

CSO: 4600/1645

REPORTAGE ON RECONSTITUTION OF 18-POINT COUNCIL

Table of Organization

Dhaka THE BANGLADESH TIMES in English 23 Feb 84 pp 1, 8

[Text] President Lt. Gen. H. M. Ershad who is also the Chairman of the 18-point Implementation Council has reconstituted the Executive Committee of the Council, reports BSS.

The reconstituted Executive Committee of the 18-point Implementation Council is as follows:

Chairman: Lt. Gen. H. M. Ershad.

Vice-Chairmen: Rear Admiral M.A. Khan and Air Vice-Marshal Sultan Mahmud.

Secretary General: Air Vice-Marshal (Retd) A.G. Mahmood.

Members: Industry Minister S.M. Shafiul Azam, Foreign Minister A.R.S. Doha, Labour and Manpower Minister Air Vice-Marshal (Retd) K.M. Aminul Islam, Law Minister K.A. Baker, Home Minister Maj Gen Abdul Mannan Siddiqui, Health and Population Control Minister Maj. Gen. M. Shamsul Huq, Agriculture Minister A.Z.M. Obaidullah Khan, Social Welfare and Woman Affairs Minister Dr Shafia Khatoon, Education Minister Dr A. Majeed Khan, Information Minister Syed Nazmuddin Hashim, Establishment Minister Maj Gen Mohabbat Jan Chowdhury and Maj Gen Mahmudul Hasan, Administrator--Dhaka Municipal Corporation.

Joint Secretary: Mr Nawab Hussain and Mr Ibrahim Khalil.

Organising Secretary: Mr Naziur Rahman.

Joint Organising Secretary: Nuruzzaman Munna (Mymensingh), Abdul Hakim (Rajshahi), M.A. Jinnah (Jessore).

Treasurer: Iqbal Ansari Khan.

Agricultural Secretary: Shamsul Haque Chowdhury (Rangpur).

Family Planning and Co-operative Secretary: M.A. Khaleque (Bogra).

Office Secretary: Rahmatullah (Dinajpur).

Publicity Secretary: Farid Ahmed (Faridpur).

Education and Cultural Secretary: Mahtabuddin Biswas (Pabna).

Women's Affairs Secretary: Mrs Anwara Zanian.

Other committees of the council are as follows:

Dhaka Division Sub-Committee

Chairman: Maj Gen Mahmudul Hasan.

Members: Mr Ali Ahmed Mondal (Dhaka), Mr Nuruzzaman Munna (Mymensingh), Mr Mohd Shahjahan (Faridpur), Mr Abdus Sattar (Tangail), Mr Abdul Latif Bhuiyan (Kishoreganj), Advocate Momtazuddin, Dhaka.

Chittagong Division Sub-Committee

Chairman: Maj Gen Shamsul Huq.

Members: Advocate Kamalur Rahim (Noakhali), Advocate Golam Mustafa Chowdhury (Comilla), J.S. Prue (Banderban), Mr M. R. Barua (Chittagong), Abid Ali Chowdhury (Sylhet), Ibrahim Bin Khalil (Chittagong).

Khulna Division Sub-Committee

Chairman: Maj Gen A. Mannan Siddiqui.

Members: Mr Naziur Rahman (Bhola), Advocate M.A. Jinnah (Jessore), S.M. Abbasuddin (Khulna), Iqbal Hossain (Barisal), Advocate Daliluddin (Patuakhah), Dr Moslem Uddin (Bagerhat).

Rajshahi Division Sub-Committee

Chairman: Dr Shafia Khatun.

Members: Nawab Hussain (Rangpur), M.A. Nayeem (Dinajpur), Abdul Hakim (Rajshahi), A. Mannan Khan (Rangpur), Mahtabuddin Biswas (Pabna), Advocate M.A. Khaleque (Bogra).

Org. Structure and Constitution Sub-Committee

Chairman: Mr K.A. Baker.

Members: Advocate Abtabuddin, Principal Lutfar Rahman, Advocate Faizul Kabir, Jahangir Kabir, Advocate Shamsul Alam, Fazal Karim.

### Correspondent's Report

Dhaka THE BANGLADESH OBSERVER in English 23 Feb 84 pp 1, 8

[Text] The 18-point Implementation Council which became dormant has suddenly sprung into life in the wake of the expansion of the council with the inclusion of more Ministers.

Mr. Mahbubur Rahman, Minister of Local Government and Religious Affairs, once considered to be the chief political adviser to the President, has been replaced by Air Vice Marshal (retd) A.G. Mahmud as the Secretary-General of the council.

The Implementation Council has now turned into an all-Armed Forces affair with top positions being held by them.

Mr. Mahbubur Rahman who played a pivotal role in shaping the 18-point programme must have felt elated at the strengthening of the council. His joy was shortlived. He was stripped of his position.

Air Vice Marshal (retd) A.G. Mahmud's induction as the Secretary-General of the council has wide acceptability within the administration.

One had mistakenly thought that the 18-point Implementation Council had been relegated to the background with the floating of Janadal. It was indeed pushed to the background for a brief period.

The protagonists of the 18-point programme who were jettisoned during the formation of the political party have thus scored a decisive political victory over Janadal in the race for a stronghold in the power structure.

The expansion of the 18-point Implementation Council has cast a shadow of consternation in Janadal camp. What will be Janadal's role vis-a-vis the 18-point programme of President Ershad? Will Janadal be happy to play a second fiddle to the 18-point Implementation Council or vigorously assert itself for a more direct participation in the Government?

The tug of war between the protagonists of 18-point programme and Janadal began soon after President Ershad decided to float a political party of his own. It will be interesting to recall that the first central committee of Janadal announced on November 27 included the Presidents and the Secretaries of the 18-point Implementation Council up to thana level. The lifespan of the committee was very short.

The inclusion of the functionaries of the 18-point council in the central executive committee of Janadal was vehemently opposed by the political leaders who flocked to the party. They feared that the representatives of the 18-point council will outnumber them.

The Janadal leaders had twice met the President before the announcement of central committee of the party to impress upon him their points of view.



They also asked for a clarification from President Ershad on the respective roles of 18-point council and Janadal.

President Ershad was apparently influenced by the arguments of Janadal leaders. This was reflected in the 208-member central executive committee of the party named on December 20.

The central executive committee did not include anyone from the 18-point council. Not even Mr. Mahbubur Rahman, Minister of Local Government and Religious Affairs was included in the committee.

This sharpened the conflict between the 18-pointers and Janadal.

There are now cogent reasons for apprehension in the Janadal camp. Their expectations are being belied. A place in the cabinet is all they were fondly looking forward to. This now seems to be a very distant possibility.

Janadal is now sharply divided into two factions, one being led by Mr. Mizanur Rahman Chowdhury and the other by Mr. Shamsul Huda Chowdhury. The warring factions moved separately during organisational tours of the districts.

Col (ret'd) Anwarullah, Mr. Ali Amjad Khan, Mr. Shamsul Huq, Mr. Abu Naser Khan Bhashani and Mr. M.A. Huq are with Mr. Mizan Chowdhury while leaders who have come from BNP are working with Mr. Shamsul Huda Chowdhury. The leaders are Dr. M.A. Matin, Mr. Reazuddin Ahmed (Bhola Mia) and Dr. Amina Rahman. Shah Moazzem Hossain another Vice-Chairman of the party not yet identified himself with any group.

The series of clashes at the district level during the formation of Janadal units were the direct consequences of the in-fighting among the Janadal leaders.

The recent raids at the central office of Janadal by the Jubo Sanghati faction led by A.T.M. Rafiqul Islam were masterminded by a powerful lobby within the Government. Jubo Sanghati central committee headed by Enamul Karim Shahid has the blessings of Mr. Shamsul Huda Chowdhury and his camp followers.

#### HOLIDAY Comment

Dhaka HOLIDAY in English 25 Feb 84 pp 1, 8

[Article by Jaglul Alam]

[Text] In a late night operation by the leaders of Janadal and some highups in the government, the Central Executive Committee of the 18-point Implementation Council was reconstituted, throwing out secretary general Mahbubur Rahman from the Council and replacing him by A.G. Mahmud, the minister for food. Mahbubur Rahman, the Minister for Local Government and Local Development and Religious Affairs, was ignorant of the episode. He

was not even included in the newly reconstituted Executive Committee of which all other cabinet ministers are members.

The reconstitution of the Central Executive Committee of the Council followed mounting conflict between the Council and Janadal in determining the relationship between these two organisations. Both support the political ideas and views of the government.

Both have decided to set their candidates in the ensuing upazilla elections, where it is possible, or to support candidates who are believed to be loyal to the 18-point political, economic and social programme of the government.

The government is yet to determine the actual position of Janadal and the 18-point Implementation Council and their relationship with each other. But President Ershad said on different occasions that whoever, irrespective of political identities, would support the 18-point programme of the government, would get blessings from him.

The first move to place the 18-point Implementation Council as a subordinate body to Janadal was made in a conference of the Council held in Dhaka on February 16 last. The decision was vehemently opposed by the district and upazilla level units of the Council. The same day, in an open letter to the President, the 18-Pointers refused to function as a subordinate body to Janadal.

They argued that an organisation like Janadal, which was composed of heterogeneous political elements could not be established as a strong and united political organisation. They said that the 18-point Implementation Council under the chairmanship of the president and CMLA was a higher and larger body which had already formed its grassroots level units. Janadal, they pointed, has failed to establish even its district-level offices properly.

But on February 22, a proposal was placed to the President by an influential quarter reconstituting the organisational setup of the 18-point Implementation Council with President as its chairman, A.G. Mahmud as Secretary General and Nawab Hussain, who is believed to be a close friend of the President hailing from Rangpur, as its Additional Secretary General. The proposal received the approval of the President.

But the same night, another proposal was placed before the President in which reconstitution of the Council was proposed with the President as its chairman, two DCMLAs as vice-chairmen and 11 ministers as members of the Executive Committee. Consequently, the earlier approval by the President was cancelled, and presidential approval for the latter was obtained in time to be broadcast by Radio Bangladesh in its late night news bulletin.

The reason for which Mahbubur Rahman was thrown out of the 18-point Implementation Council could not be ascertained. It is gathered that some of the activities of Mahbubur Rahman annoyed some top-level Janadal leaders and highly placed defence officers who worked for his ouster.

## New Party

In the wake of this confusion, some of the leaders and workers of the Council formed a separate political organisation, styled as Bangladesh United Nationalists Party (BUNP). This new organisation, led by Humayun Khan Panni, a former Ambassador and the chairman of the Tangail District 18-point Implementation Council, will function as a parallel to Janadal with direct blessings from some civil and defence officers close to the President. The leaders of the BUNP will hold a press conference tomorrow (Sunday) to announce its aims and objects.

When contacted, A.G. Mahmud, the Minister for Food and newly selected secretary general of the 18-point Implementation Council, said that the reconstitution of the council was essential to streamline the rural-based development programmes of the government. He said the Council was a development-oriented organisation and it would help the government implement the 18-point development programmes of the government. He said all the district and upazilla level units of the Council would continue to exist and major changes in the district and upazilla units of the Council were unlikely.

Mahbubur Rahman

The Minister for LGRD and the former Secretary General of the 18-point Implementation Council, told HOLIDAY that he was totally ignorant of the episode. He said, however, that his confidence in and allegiance to the President and Chairman of the Council remained unshaken, and added: "Let us wait and see".

CSO: 4600/1632

# EFFECTS OF 'EXPLOITATION' ON SUNDARBANS DEPLORED

Dhaka THE NEW NATION in English 23 Feb 84 pp 1, 8

[Article by Monowar Hossain]

[Text]

Nobody seems concerned about the adverse affect of unplanned and lavish exploitation of mangroves, changes engineered to develop new land mass in the Bay and destruction of living coral colonies around the off-shore islands of the country.

There is little opportunity to know the adverse impact, caused by destruction of mangroves and coral colonies and human interference, on nature for lack of assessment.

With industrialization, our natural resources, especially, forest and marine resources are being wiped out in an unplanned manner without any assessment as to its future implication. With rapid growth of human settlements, interference with the nature has increased. But to what extent these interferences disturb ecology is not known for want of broad-based apparatus to monitor changes in nature.

A renowned ecologist of the country said when changes go unnoticed, appropriate and timely measures to maintain environmental balance is not possible.

The Sundarbans is a pride possession of Bangladesh but this biggest and fully developed mangrove of the world is under persistent and unplanned tapping for years resulting in the shrinkage of its size and vegetation pattern.

The Sundarbans extend over an area of about 2400 square miles stretching from the southwest corner of Patuakhali district to the mouth of Raimangal river in Khulna district. But in reality the size of this mangrove shrunk by at least 100 square miles during last 25 years because of denudation due to continuous felling of trees and bushes and growth of new settlements.

The 'gewa' species of this forest is meeting the entire demand of Khulna Newsprint and Hardboard Mills for last few decades. Every year around 50,000 cunits of logs are extracted for Khulna Newsprint Mills, besides meeting the demand of a number of match factories through unplanned extraction of logs.

Construction of Farakka dam on the upstream of the Ganges

is sending a surge of saline water deep into the forest range from the day of Bengal and has started upsetting the established vegetation pattern of this mangrove. Growth of 'sundari' species of trees after which the forest is named has been severely affected due to surge of saline water resulting in faster multiplication of 'hogla', 'bine', keora, and 'golpata', species. If the invasion of saline water continues in this way, within next few years the entire vegetation pattern of the Sundarbans will completely change. What will be the impact on our economy if the present ecobalance of Sundarbans is changed, is not foreseeable.

(Incomplete)

## PAPER REPORTS POOR PROGRESS IN PLAN IMPLEMENTATION

Dhaka THE BANGLADESH OBSERVER in English 24 Feb 84 pp 1, 12

[Text]

Only 68 per cent progress was made in terms of physical achievements of the development projects in 1982-83. ADP by spending 86 per cent of the allocated funds. Even no work was done in 69 projects including 18 core projects throughout the year although an amount of Taka 70 crore was allocated for these projects.

The overall progress of 376 projects out of the total of 1,178 projects taken up after pruning in 1982-83 was below 50 per cent. The Monitoring and Evaluation Cell of the President's Secretariat found on physical verification 143 projects completed out of the total target of finishing 283 projects during the year 1982-83.

The poor performance of the development projects in terms of physical achievements has been stated in a document published recently by the Monitoring and Evaluation Cell. The overall physical progress of the development projects was only 62 per cent on an average since 1975-76 as against 91 per cent progress in spending the allocated funds.

From the analysis of the progress of the 143 completed projects made by the Monitoring and Evaluation Cell it is revealed that the completion of these projects involved 37 per cent additional spending and 86 per cent more time than the stipulated period. The stipulated time to complete these projects was on an average 2-30 years. But it took 4.28 years to complete these projects.

During the last fiscal year, 183 projects were identified as

projects of national importance. The progress of these important projects shows that there was zero progress in 4 projects, one progress in four projects, one to 25 per cent progress in 13 projects and 26 to 50 per cent progress in 25 projects.

In 1982-83, the size of the Annual development Programme was Taka 8,126 crore. But the actual spending was Taka 2,883 crore. The spending schedule shows that the taka portion has been spent by 91 per cent while the project aid has been spent to the extent of only 78 per cent. It has been revealed in a survey that every year the taka portion of the ADP allocation is spent almost totally while the spending of the project aid is comparatively poor. The slow progress in spending the project aid has been creating doubts in the minds of the donors about our absorption capacity, besides being a big setback in overall progress of the development projects.

The Monitoring and Evaluation cell observed that the delay in implementation of the development projects was due to inability of the concerned authority in removing problems in completing the projects. The Cell noted that the implementation of the projects slowed down due to failure of NEC, ECNEC Ministries and relevant organisations to hold review meetings in time to identify the problems and to remove them. The NEC held only four meetings throughout the year while ECNEC held no such meeting.

The World Bank and the Monitoring Cell sent a number of notes stating the problems in implementing different projects to Ministries, Planning Commission and concerned organisations till June 30 last for resolving the stalemate in those projects. The Cell regretted that most of those problems remained unresolved till now. The Cell further stated that the effectiveness of the Planning and Monitoring Cells of the Ministries was felt very little which was also contributing largely to the lingering of the implementation of projects. Absence of alertness and poor monitoring system are the causes of failure in achieving desired development progress in 1982-83 although the number of projects were minimised by pruning the unnecessary projects and simplifying the release of funds.

PETROBANGLA PLANS FOR ONSHORE DRILLING TOLD

Dhaka THE BANGLADESH TIMES in English 24 Feb 84 pp 1, 8

[Article by Zainul Abedin]

[Text] Petrobangla plans to initiate on-shore oil exploration in three areas of the eastern flank of the country later this year.

Shell, the Dutch oil company, will carry out the work in Chittagong Hill Tracts in May next, while the corporation itself will undertake exploration of Fenchuganj area of Sylhet district.

The drilling in Sitakund will begin in July-August. A 15-million franc French credit will finance the work.

The Chairman, Petrobangla Group Captain Kazi Aftabuddin Ahmed said that Saudi Arabia had pledged to provide Bangladesh with 9.2 million US dollars (equivalent 31 million riyals) under a commercial loan agreement. The loan is to be repaid within 15 years with five years grace period at 3 per cent interest. The loan agreement would be signed in Riyadh soon after the Saudi Government approved the draft agreement.

The Petrobangla Chairman said the assurance of Saudi Fund came during recent visit of the Kingdom's fact finding teams.

The exploration of oil in Chittagong Hill Tracts by the Shell, a Dutch petroleum company, was to begin in April. The delay was caused by some logistic problems including construction of solid foundation of the rig, officials said.

The exploration is being conducted under production sharing contract with the Shell Petroleum.

When asked whether Petrobangla would allow Shell more time if it failed to start the drilling within the specified period, the official said that it would depend on the progress of the work as well as the satisfactory answer to the question of failure in conducting exploration in time.

"If the cause is genuine, the Dutch Company will be allowed more time. But the dry season is the most appropriate time for the drilling of oil," he said.

OBSERVER CORRESPONDENT INTERVIEWS BAKSAL LEADER

Dhaka THE BANGLADESH OBSERVER in English 25 Feb 84 pp 1, 12

[Text]

General Secretary of Bangladesh Krishak Sramik Awami League (BAKSAL) Mr. Abdur Razzak said that the demand for holding parliamentary polls first was mainly to see an end to military rule in the country for ever. The demand for restoration of democracy would thus be achieved and the Parliament will be able to settle the dispute over the form of Government, he added.

Mr. Razzak said this in an interview with the Bangladesh Observer recently at his Dhanmondi residence.

He observed that setting up of upazila parishads should be in conformity with the constitution and no individual has the right to decide such a vital issue.

He said that the country was under Martial Law for most of the time since mid-1975. Army was involved in the administration of the country either directly or indirectly since then.

He observed that at present the country was moving towards uncertainty. People were passing their days in a suffocating condition due to absence of Rule of Law, he said. If this condition continues to prevail the result would be disastrous, he opined.

Criticising the Government's

economic policy he said that country's economy was deteriorating steadily.

The Baksal leader said that people wants to get rid of the present situation. Moreover the country needs a system in which the elected representatives would feel that they were running the government. Obviously Parliamentary form of Government was the answer, he said.

Admitting the difference of opinion on the form of Government between the components of 15-party alliance and seven-party combine Mr. Razzak said that Parliament was the most competent forum to decide the issue. That is why they demand Parliament elections first, Mr. Razzak said.

He said the fourth amendment of the Constitution was the result of the prevailing situation.

Mr. Razzak further said that in capitalist economy presidential system cannot bring any welfare to the people asked why then they did put up candidates in the last two presidential elections the BAKSAL leader said that they contested as a part of movement for restoration of democracy knowing fully well that they would not win. Mr. Razzak disagreed that the defeat in two presidential polls meant that they were rejected twice by the people.

Admitting the conflicting views held by 15 party alliance and 7 party combine on the question of revival of constitution Mr. Razzak said that the alliances reached an understanding to go ahead with movement on the basis of minimum programme to achieve the basic rights of the people.

The 15 party alliance demands restoration of 72 Constitution while the 7-party combine stood for restoration of the suspended Constitution.

Mr. Razzak said that his party was not opposed to decentralisation of administration but upazila parishad concept is one man decision. He observed that this requires constitutional sanction and as such only the parliament can decide it.

He said that decentralisation of judiciary does not mean only establishment of High Court benches in districts. It requires proper arrangement for functioning these benches. However he added that they support posting of upazila magistrates in upazilas.

POOR RECOVERY OF AGRICULTURAL LOANS REPORTED

Dhaka THE BANGLADESH OBSERVER in English 27 Feb 84 pp 1, 8

[Text] The net outstanding amount of recoverable loans in the agricultural sector stands now at Taka 443.60 crore. This amount is about 75 per cent of total agricultural production loans which had fallen due for repayment till date during the current financial year, 1983-84.

Only 25 per cent of the disbursed amount of agricultural loans could so far be realised. The agricultural production loans, to mention here, are all short-term credits realisable after the harvesting of the crop.

The poor recovery of agri-loans has meanwhile led to shortfalls in disbursements of fresh credits during the rabi crop season in 1983-84 as against the target of Taka 315 crore for disbursement by Bangladesh Krishi Bank (BKB), nationalised commercial banks and other financial institutions under intensive rabi crop production programme this year. Disbursements by BKB and nationalised commercial banks totalled only Taka 115.27 crore till date. The main crop production season is now about to end with only 37 per cent of the rabi production crop loans having been attained.

The disbursement performance of nationalised commercial banks under rabi crop production loan shows that Agrani Bank had disbursed so far 74 per cent of its target followed by BKB at 52 per cent of the target. Sonali Bank disbursed 44 per cent of its targetted level of credits while Janata Bank, only 37 per cent.

On the recovery side, Agrani Bank succeeded in making recoveries so far during the year at 36 per cent of its outstanding agri-credits. The recovery position of other banks including BKB has been as follows: BKB--27 per cent, Janata Bank--26 per cent and Sonali Bank--23 per cent.

CSO: 4600/1638



DONORS MAY BE ASKED TO INCREASE FOOD AID COMMITMENT

Dhaka THE BANGLADESH TIMES in English 27 Feb 84 p 1

[Article by Shamsul Huq Zahid]

[Text] The major donor countries--USA, Canada and Australia--are likely to be approached before the next Paris Consortium meeting to increase food aid commitment for the next fiscal year (1984/85), according to reliable sources.

Meanwhile, in a recent meeting of the Food Planning and Monitoring Secretariat, a decision was taken to import about three lakh tons of foodgrains through sources like fresh aid commitment, advancing of import from multi-year commitment, blended credit or cash purchase.

The decision to import three lakh tons of foodgrains has been taken to meet gap in the food budget considering January-June off-take of nine lakh tons through Public Food Distribution System (PFDS) and a year-end stock of eight lakh tons.

Sources said that possibilities would be explored to procure this additional quantum of foodgrains through advance shipment from multi-year commitment.

The FPMS meeting also decided to reduce the year-end food stock to eight lakh tons against the earlier estimate of nine lakh tons. The year-end stock however during past two years had been around six lakh tons.

The advance shipment from multi-year commitment might solve the food gap problem for the current year. But this may create problem in foodgrain operation through PFDS during lean period from July to November next year. Considering this view, the sources said, the decision had been taken to approach major food donor countries for increased food aid commitment for the next fiscal year.

Meanwhile, overall food production situation in the country appears to be satisfactory. The production of Aman this year is estimated to be higher by about five lakh tons than that of the last year, and production of boro would also be higher in view of the adequate rainfall in December and January. However production of wheat is likely to be less than that of the last year.

AMNESTY PERIOD FOR CHITTAGONG 'MISGUIDED' EXTENDED

Dhaka THE BANGLADESH TIMES in English 27 Feb 84 pp 1, 8

[Text] The Government on Sunday decided to extend, after due consideration, the period of amnesty till April 26 to facilitate the surrender of misguided persons of the Chittagong Hill Tracts which was to expire on Sunday, reports BSS.

A government announcement on Sunday night said that the extension has been made following a request by the leaders of the Hill Tracts district while they met the President on February 18 to enable more members of the misguided persons to take advantage of the amnesty. The following is the text of the announcement:

While addressing a public gathering at Khagrachari on October 3, 1983, the President and Chief Martial Law Administrator had declared amnesty for the misguided persons of the Chittagong Hill Tracts. The amnesty deadline expired on February 26, 1984.

Following the declaration of amnesty, a large number of the misguided people have already surrendered to the security forces. All-out efforts are being made for their social and economic rehabilitation. On February 18, 1984, the leaders of the Hill Tracts districts met the President and requested him to extend the period of amnesty declared earlier by him in order to enable more members to take advantage of the amnesty. Accordingly, it has been decided by the Government, after due consideration, to extend the period of amnesty by two months i.e. up to April 26, 1984, all persons surrendering during this period will be entitled to the same benefits as announced earlier.

The Government sincerely hopes that the misguided people will take this opportunity to lead a normal and decent life and participate in the Government's efforts for the over-all socio-economic development of the country including the Chittagong Hill Tracts region.

CSO: 4600/1639

ORDINANCE ON TRADE BODIES' ACTIVITIES PROMULGATED

Dhaka THE BANGLADESH TIMES in English 28 Feb 84 pp 1, 8

[Text] An ordinance has been promulgated to regulate the activities of the trade organisations and laying down among other things no licence would be given unless a federation of chambers of commerce and industry is organised to function on all-Bangladesh basis, reports BSS.

The ordinance referred to a chamber of industry organised on all-Bangladesh basis provided that a licence for registration of such chamber would not be granted to more than one trade organisation.

The ordinance requires that a chamber of commerce and industry is organised to represent trades and industries of specific areas, such as divisions, districts, upazilas and municipalities an association of trade or industry or of both organised on all-Bangladesh basis to represent specific trades or industries or both.

Besides the ordinance also requires that a town is organised to represent trades and industries at a place at which there is no chamber of commerce and industry and a group organised to represent trades or industries or both of specific areas such as divisions, districts, upazilas and municipalities.

CSO: 4600/1641

NATIONAL WAGE, PRODUCTIVITY COMMISSION FORMED

Dhaka THE NEW NATION in English 27 Feb 84 pp 1, 8

[Text]

Government has formed a nine-member National Wages and Productivity Commission for the workers of the nationalised autonomous and semi-autonomous industries with Mr. Justice (retd) Ruhul Islam as its chairman, according to a government handout, reports BSS.

The commission will examine the wage structure and wage rates of the industrial workers and recommend a realistic wage structure and enhancement of the wages with a view to bringing uniformity among the different wage rates of the workers.

The commission will recommend for national minimum wages and correlate the wages with the productivity. It will also examine all the fringe benefits and determine minimum production target and the quantum of additional production.

The Commission will also examine the disuniformity in

the 1977 Wages and Productivity Commission for the industrial workers and try to incorporate them in the recommendations.

Those employees of the industries who are under new national salary scale shall be excluded from this commission.

Other members of the Commission are: Mr. Abdur Razzak, retired District Judge and former chairman of the Minimum Wage Board, Dr. Kazi Khaliquzzaman Ahmed, research economist, BIDS, Mr. S. K. Barua, chartered accountant, Mr. M A Wahid, Joint Secretary Jute Division will work as the member-secretary of the Commission. Representatives from the Industries Division, Jute Division, workers and the owners are the part-time members of the Commission.

The Commission will start functioning shortly.

CSO: 4600/1640

REPORTAGE ON INCIDENT AT 28 FEB STUDENTS' RALLY

Correspondent's Report

Dhaka THE BANGLADESH OBSERVER in English 29 Feb 84 p 1

[Text] Two persons were killed and several others injured when a police truck ran into a procession of the Chhatra Sangram Parishad in front of old Fulbaria railway station in Dhaka on Tuesday evening.

A Press note issued by the Government said three persons came under the wheels of the police truck of whom two died on way to hospital. Two injured persons including the driver of the truck, the Press note added, were admitted to a hospital.

The Press Note said the driver lost control of the vehicle.

This correspondent during his visit to the spot immediately after the incident, found a pool of blood on the street.

Despite frantic efforts no senior police official could be contacted till late at night. The Home Minister when contacted at his residence at 10 p.m., an attendant said, "He is at the residence but he will talk tomorrow (Wednesday)."

One Kulsum Bibi, 30, an eye witness, said that she saw some bodies of the processionists lying in a pool of blood.

Incidentally the procession was brought out by the Chhatra Sangram Parishad in support of the hartal call on March 1.

During my visit to the Dhaka Medical College Hospital, the emergency ward told me that one Kumarkanti Das who was injured in the incident came to the hospital and later he was released after first aid.

Sultan, a student who was in the procession, narrating the incident told this correspondent that the van which was following the procession from behind suddenly ran over the processionists.

Earlier Chhatra Dal gave a call of strike at Dhaka University on the day demanding release of Chhatra Dal leader Jalal Ahmed.

No class was held in the university and examinations of different departments were also postponed in the afternoon. The Registrar's Office was also closed.

When this correspondent visited the University Arts Building, he was locked from outside in the afternoon by the students who had taken over the keys from the gatekeepers. Chhatra Dal also held protest rally on the campus. Sangram Parishad brought out processions from different halls and paraded some city roads.

Meanwhile, Academic Council of the Dhaka University at a meeting on the day decided to shift the M.A. course final examinations scheduled to be held from March 4 to April next.

The 15-party alliance in a statement on the day said that the people would give a befitting reply if killing and terrorism were not stopped. Condemning the killing of students in a procession at Fulbaria on the day by a police van, the statement said that some students were also arrested from there.

The alliance also condoled the deaths and expressed sympathy with the members of the bereaved families.

Sheikh Hasina Wazed, Chief of Bangladesh Awami League, in a statement condemned the incident and demanded the return of the bodies of the students and the release of the injured.

She also demanded punishment of those responsible for the incident.

#### Government's Press Note

Dhaka THE BANGLADESH OBSERVER in English 29 Feb 84 p 1

[Text] Following is the Press Note issued by the Government on the incident at Fulbaria old railway level crossing in Dhaka on Tuesday afternoon, reports BSS.

"A group of people, being armed with lathis and other lethal weapons took out a procession at about 5.30 p.m. today (Tuesday) and was proceeding from Chankharpool towards the Fulbaria old railway station. The police on mobile duty came across the procession at Fulbaria old railway level crossing. The processionists attacked the police party with heavy brickbatting, as a result the driver of the police truck sustained injury and lost control of the vehicle.

"Unfortunately three persons came under the wheels of the truck out of whom two died while being taken to the hospital. The other injured person and the wounded driver of the police truck have been admitted into the hospital.

"The Government deeply regrets the unfortunate incident which was purely accidental and sympathises with the families of the deceased. A motor accident case has been registered with Ramna police in this connection".

#### Ershad Statement

Dhaka THE BANGLADESH OBSERVER in English 2 Mar 84 p 1

[Excerpt]

The President and Chief Martial Law Administrator, Lt. Gen H.M. Ershad, has expressed his "heartfelt sorrow and grief at the death of two students of Dhaka University at the 'tragic and unfortunate incident', near the old Fulbaria railway station on Tuesday last, reports BSS.

He also expressed his deep sympathy to the students injured in the incident.

The President said: "I express my heartfelt sorrow and grief at the death of two students of the Dhaka University at the tragic and unfortunate incident near the old Fulbaria railway station on Tuesday last. I also express

my deep sympathy to the students injured in the incident. They are like my children and I have no language to express my sorrow.

"Immediately after the occurrence of this tragic incident my Government expressed its deep regret. I personally express my heartfelt sympathy to the parents and relations of these two students.

"In the meantime, bodies of these students have been handed over to their relations. I have already asked my Government to provide appropriate compensations for the death of these students. I pray to the Almighty Allah for the salvation of the departed souls".

#### Persuasion Needed

Dhaka THE BANGLADESH OBSERVER in English 1 Mar 84 p 5

[Editorial: "Tragic Incident"]

[Text]

In an incident Tuesday evening involving a police truck running into a student rally near the Phulbaria central bus terminal two (according to some reports more than two) processionists were killed and a number of others injured. There are two different accounts available to the Press of the circumstances under which the incident occurred. Whatever the cause, 'accidental' or otherwise, for the truck to behave in the way it had to, the resultant loss of lives is the saddest.

The occurrence, tragic as it is, comes on a pretty sensitive occasion. It is very unfortunate indeed that periodically we seem to be drawn into a configuration of things which tend mostly to add to complication and confusion.

And the latter spreads apace to confound the people whose right to be informed about the actual facts concerning any serious incident is recognised by all, including the administration. The Tuesday evening occurrence is one such incident. A high-power committee immediately appointed to go into it and publish their find-

ings expeditiously, together with those responsible for the tragedy brought to book, is an urgent need. Adequate compensations for the lives lost is also the minimum that could be done—although there can be no compensation in such a situation.

As for student dissent, expressed in rallies and processions, there is nothing so extraordinarily menacing about it if only those concerned knew how to meet it with prudence and restraint. Force whoever may resort to it, certainly is no answer. And we have seen how in the past it has not been of any use in any conditions. Persuasion rather than confrontation, imagination and honest courage to look into the root-cause of student or public grievances, tending at times to surface on a mass scale, seem to be very much in demand at a time like this in our national life.

We close with an expression of our deep-felt condolences for the bereaved families of the dead and prayer for the salvation of their souls.

CSO: 4600/1642



## BANGLADESH

### PAPER REPORTS U.S. OFFICIAL'S PRESS CONFERENCE

Dhaka THE BANGLADESH OBSERVER in English 29 Feb 84 pp 1, 8

[Text] Mr. Howard B. Schaffer, Deputy Assistant Secretary for Near Eastern and South Asian Affairs of the U.S. State Department ruled out the possibility of establishing any military base in St. Martin or anywhere in South Asian region.

Addressing a press conference at Zia International Airport on Tuesday morning prior to his departure for Nepal after a three-day visit to Bangladesh Mr. Schaffer told a questioner that he had not discussed anything relating to military base or security pact with Bangladesh leaders. The United States does not seek any military base in St. Martin (Bangladesh), Sri Lanka or Makran Coast in Pakistan.

Mr. Schaffer said that his country was interested to see the progress of the countries in this region without any external interference. He admired Bangladesh's contribution to the South Asian Regional Cooperation and regional stability and impetus for resolving the differences among the countries of the sub-continent peacefully. Replying to a question on Afghan situation, Mr. Schaffer said the situation in Kabul is unfortunate. He observed that the Soviet Union had failed to consolidate their position in Afghanistan and the position of the Mujahedeens was stronger. The United States and Bangladesh wanted negotiated settlement of the Afghan crisis which must include withdrawal of Soviet troops, independent and non-aligned Afghan government and self-determination of the people. He described the Afghan refugee crisis as most unfortunate and the biggest refugee crisis of the world.

Mr. Schaffer told a questioner that his country's relations with China had become stronger following the visit of Chinese Prime Minister to U.S. It would further improve when President Reagan visits China next April.

Mr. Schaffer said that his country was encouraged by President Zia's promise that he would proceed with the programme of establishing democracy in Pakistan. He said that democratic process can ensure stability in this region. He said that he had cordial talks with President Ershad and Foreign Minister Mr. A.R.S. Doha in Dhaka.

'I have discussed all important issues relating to foreign policy with Mr. Doha including Iran-Iraq war. He asked a questioner not to attach any special significance to his talks on Gulf War. It was just a routine discussion because now the war has intensified.

In a prepared statement Mr. Schaffer hoped that the evolution of representative institutions in Bangladesh would contribute to the stability which is so essential for economic progress. "The United States hopes Bangladesh should focus on equitable economic development to improve the lives of the poor. Describing his talks with Bangladesh leaders as informative and helpful Mr. Schaffer underscored in them the continuing respect which the United States has for Bangladesh as a non-aligned country.

During his stay in Dhaka he addressed the Ambassadors of United States in the countries of the South Asian region. He described his visit as customary annual trip to the countries of South Asia.

CSO: 4600/1642

# DHAKA DISINVESTMENT OF 'OBSERVER' PRAISED

Dhaka THE NEW NATION in English 29 Feb 84 p 3

[Text]

The Far Eastern Economic Review in one of its recent stories has commended the measures of the government of President Ershad in fulfilling its commitment to divest itself of the newspaper industry to the hands of private publishers, reports BSS.

The story bylined Syed Kamaluddin the Review Dhaka correspondent said that the President has fulfilled a promise with the formal handing over of the country's largest English-language daily, the Bangladesh Observer, and the cine-weekly Chitrali last month.

Recalling President Ershad's announcement on December 16, 1982, in which he had expressed government's firm confidence in a free and responsible press the review recounted the steps in which the government abolished the Newspaper Management Board and phase-wise handed over the largely government-controlled newspaper industry to the trust and the private owners.

The government Pledge to return the newspapers by the promised deadline of February 1983, could not be implemented,

the report said, the newspaper Management Board was abolished by mid-1983 and two Newspapers were placed under two separate trusts.

The trusts were formed because the government felt that since the 'Dainik Bangla', the Bengali newspaper was originally launched by a trust, it should not be sold to any private management.

At the same time, the review story explained that the 'Bangladesh Times' was placed under a trust because 'It was difficult to find anybody willing to buy the newspaper.'

The Information Minister, Syed Najmuddin Hashem told the Review that the government believed in free and responsible press and that all government advertisements would be distributed on an equal basis.

REPORT ON SHEIKH HASINA'S SPEECH AT 29 FEB RALLY

Dhaka THE BANGLADESH TIMES in English 1 Mar 84 pp 1, 8

[Text] The fifteen-party and seven-party alliances have called a country-wide hartal from 6 a.m. to 2 p.m. today (Thursday) in support of their five-point demand and for postponement of the upazila polls, reports ENA.

Leader of the 15-party alliance Sheikh Hasina while addressing a meeting to condole the tragic killing of two students reiterated her call to the people to make today (Thursday) hartal a complete success in a peaceful manner.

Addressing a rally in front of the UPP office on Wednesday afternoon leaders of the seven-party alliance Begum Khaleda Zia gave a similar call to the people to observe hartal today (Thursday).

Janadal central leaders urged the people not to respond to the hartal call which they think unwarranted. They also urged people to refrain from the path of violence.

The students action committee took out a procession in support of today's hartal and to protest Tuesday's incident.

Bangladesh Jamaat-e-Islami and Supreme Court Bar Association separately extended support to the hartal call.

Earlier Bangladesh Inter-District Bus Transport Workers Association led by Manzurul Hassan lent support to hartal call.

CSO: 4600/1645

REPORT ON BEGUM ZIA'S SPEECH AT 29 FEB MEETING

Dhaka THE BANGLADESH TIMES in English 1 Mar 84 pp 1, 8

[Text] The seven-party alliance held a gaibana zanaja at the Baitul Mukarram Square on Wednesday evening for the two students who were killed on Tuesday.

Earlier, a workers meeting of the alliance was held at the UPP (Zafar) central office. It was addressed among others by Begum Khaleda Zia, Kazi Zafar Ahmed, Mr Sirajut Hossain Khan, Mr Tipu Biswas, Abu Zafar Choudhury, and Mr Abdur Rauf Choudhury.

Addressing the meeting Begum Khaleda Zia declared that the government had no right to stay in power after killing of the students on Tuesday. She declared that the seven-party alliance would continue its movement to resist Upazila elections and realise the five-point demand. She said that the people of Bangladesh were always in the forefront to struggle against authoritarianism and would continue to do so. She called upon the people to make a success of the hartal today (Thursday).

Addressing the meeting Kazi Zafar Ahmed called upon the seven-party, 15-party, Jamaat-e-Islami, Khelafat Andolan, Muslim League and all other democratic forces to forge a greater alliance.

After the meeting the alliance leaders went to the Baitul Mukarram Square in a procession to hold the gaibana zanaja.

Jurain

Begum Khaleda Zia, Acting Chairman of Bangladesh Nationalist Party (BNP), on Wednesday reiterated her call to continue movement till "the establishment of democracy and transfer of power to the people".

Begum Zia was addressing a large gathering on the occasion of the inauguration of "Shaheed Salam Ganosikkua Kendro" at Jurain.

She urged the people, irrespective of caste, creed and religion, to observe hartal today (Thursday) peacefully.

BNP Secretary General Dr. Badruddoza Chowdhury, former Minister Major General (Retd) Majid-ul-Haque, Barrister Rafiqul Islam, among others, addressed the gathering. Mr Rezabuddowla Chowdhury, President, Jatiyatabadi Samajaik Sangskritik Sangstha (JSSS) presided over the function.

Begum Zia said that Justice Sattar, elected by the people by a margin of about one crore votes over his nearest rival, had been running the country smoothly. But, she said, under threat and false pretexts, power had been taken away from him (Sattar).

She said that prices of essentials had been increasing, so were the sufferings of the poor farmers and workers.

Referring to the incident at Phulbaria in which students were killed on Tuesday, Begum Zia said that such incident had never happened in the history in any country, she said.

The BNP President said that those who could not love their boys, how can they run the administration of the country now they should transfer power to the same point from where it was taken over, Begum Zia advised.

She said that late President Zia had undertaken the mass literacy programme because he believed that problems of the country would not be solved until and unless each and every citizen got basic education.

Begum Zia said mass education centres would be established throughout the country with the objective of implementing unfinished work of President Zia. She said that the 19-point programme of late President Ziaur Rahman would be implemented.

She alleged that a large number of people including the General Secretary of Jatiyatabadi Chhatra Dal had been arrested and bomb had been hurled at BNP office Tuesday.

Dr. Badruddoza Chowdhury presented a comparative picture of the prices of essentials during President Sattar's time and present time. He called for continuing the democratic movement till the objectives were achieved.

Later, a big Gayebana Janaza was held in memory of the students killed at Phulbabaria on Tuesday.

Shaheed Salam Mass Education Centre has been established by JSSS with the objective of materialising the unfinished mass literacy campaign of late President Ziaur Rahman.

CSO: 4600/1645

ISLAMIC PARTY ANNOUNCES FOUR-POINT PROGRAM

Dhaka THE NEW NATION in English 2 Mar 84 pp 1, 8

[Text] Jamaate Islami Bangladesh yesterday announced its four-point programme to advance its movement for the restoration of the people's rights.

The Jamaat's four-point programme includes observance of March 24 "as democracy killing day," appealing the upazila chairman candidates to express solidarity with the democratic movement by withdrawing nomination papers by March 4 at the latest, prayer day on March 9 and mass contact campaign from March 10 to 23.

The programme was finalised at a meeting of the Jamaat central working committee yesterday afternoon with Acting Ameer of the Jamaat Abbas Ali Khan in the chair.

The meeting congratulated people for spontaneously taking part in yesterday's hartal in favour of the country's democratic movement. The meeting observed that the spontaneous participation of people in the hartal once more proved that people were not in favour of upazila polls and an atmosphere had been created for a broad-based unity of the forces in favour of democracy.

CSO: 4600/1646

HOME MINISTRY'S PRESS NOTE ON 1 MAR HARTAL

Dhaka THE BANGLADESH OBSERVER in English 2 Mar 84 pp 1, 12

[Text] Following Press Note was issued on Thursday night by the Ministry of Home Affairs on hartal, says BSS.

"Some political parties supported by a section of students called for a countrywide hartal on March one, 1984. The government had hoped that those political parties would desist from resist from resorting to such a programme at a time when sincere efforts were being made by the government to resolve various national issues.

It is regrettable that these political parties despite appeals and warning of the government preferred to go ahead with their programme of observing hartal, which apart from causing disruption in the normal public life and industrial production is fraught with the danger of creating serious law and order situation.

"On the morning of March one some supporters of these political parties came out in rowdy processions at various places of the Dhaka city, armed with lathis, explosives and other lethal weapons in violation of the Martial Law. When the members of the law enforcing agencies on duty tried to disperse the unlawful crowd, violent processionists attacked them with brick bats, explosives etc. resulting in injuries to 57 police personnel including a senior police officer of Dhaka Metropolitan Police and two Ansars.

"The violent mob caused damage to BRTC buses and set fire to vehicles including one jeep of UNICEF and a motor cycle of a journalist.

"At about 10 a.m. a large number of students and other rowdy elements gathered in front of the Art College on the Mymensingh Road and set fire to a police barrack in the premises of the Police Control Room at the Suhrawardy Uddyan, causing extensive damages. The police dispersed the mob by using tear gas and lathi charge.

At about 11 a.m., another group of hooligans and urchins assembled at Azimpur near the Eden Girls College and resorted to vandalism. Lathi charge and release of tear gas shell by the police failed to disperse the mob.



The hooligans forcibly entered a Government office nearby ransacking the office and set fire to furniture and other properties including two vehicles parked outside.

Finding the situation extremely grave and in order to avoid and being completely overwhelmed by the mob the police party on duty was compelled to open a few round of fire resulting in the death of one unidentified urchin aged about 12 years. The police was also compelled to open fire at few other places including the western end of Abdul Gani Road without any casualty in order to disperse the riotous mob when the lathi charge and teargassing proved ineffective.

"Several persons have been arrested in connection with the incident.

While deeply regretting the loss of one precious human life, the Government wishes to reaffirm its determination to maintain law and order and to preserve peaceful condition for the implementation of its avowed objectives.

The government sincerely hoped that all concerned will exercise due restraint and extend their cooperation in the achievements of these goals in the overall national interest."

CSO: 4600/1642

## FIFTEEN SUBDIVISIONS BECOME DISTRICTS

Dhaka THE BANGLADESH OBSERVER in English 2 Mar 84 pp 1, 12

[Text] Fifteen more sub-divisions were upgraded into districts on Thursday bringing the total number to 64, reports BSS.

Ministers and senior government officials journeyed to various parts of the country to formally inaugurate the new districts. With the upgradation of sub-divisions into districts, the age-old administrative units of sub-division cease to exist from Thursday.

The upgradation of sub-divisions cease to exist from Thursday.

The upgradation of sub-divisions into districts is part of the administrative reorganization of the government of President Lt. Ge. H.M. Ershad. Another important aspect of the new administrative system was to upgrade thanas, under which over 400 police stations have been turned into Upazilas.

Ministers in their speeches emphasised that the past experience and failure had helped the present government realise that centralised and ramshackled administrative system of the colonial days were unable to meet the socio, economic and political expectation of the people of a developing country like Bangladesh. The new system, the ministers underlined was aimed at bringing the administration nearer to the people so that they could derive maximum benefit from the government machinery.

Foreign Minister A.R. Doha inaugurated Munshiganj Zila, south of Dhaka while Food Minister A.G. Mahmud attended the inauguration of Wester Narjal zila. The other ministers who performed the inauguration ceremony are Law Minister K.A. Bakr, Information Minister Nazimuddin Hashem, Agriculture Minister Obaidullah Khan, Women Affairs Minister Dr. Shafia Khatun, Works Minister Major General M.A. Munim and Principal Finance Secretary and Adviser for finance M. Syeduzzaman.

M.A. Khan

The DCMLA and Minister for Communications Rear Admiral M.A. Khan, on Thursday called upon the people to forge greater national unity to make the present national efforts for progress a total success.

Inaugurating the newly created districts of Sunamganj and Habiganj the DCMLA stressed the need for implementing the 19-point programme of General Ershad for reaching the fruits of independence every doorsteps through giving up politics of violence and destructions.

He said that politics of conspiracy and hatred disrupts the national progress in various ways. He said this should not be allowed.

Sultan Mahmud

Another report adds: DCMLA and Minister for Energy and Mineral Resources Air-Vice Marshal Sultan Mahmud on Thursday formally inaugurated the district of Feni.

Addressing a gathering on the occasion, the DCMLA said to ensure proper utilisation of resources, maximisation of production and people's welfare the government had taken the programme of decentralisation.

CSO: 4600/1642

BRIEFS

**GOLAM AZAM CRITICIZED**--The Chairman and Secretary General of the Bangladesh Muktiyoddha Council on Thursday described Mr. Golam Azam as a "hated foreign national" and said that the Jamaat leader had resorted to unwanted activities by making speeches and statements on the internal politics of Bangladesh, reports BSS. In a joint statement Mr Zakir Khan Chowdhury, Chairman and Alhaj Mohammad Giasuddin, Secretary General of the Council said that Mr Azam by distorting the religious values had converted Islam as "Jamaat Islam". They urged the freedom fighters and freedom loving people to identify such people to build up resistance against them. The Council leaders urged the people not to be confused by such religious hypocrats and expressed their indignation against the Government for not taking any action against this particular foreign national. [Text] [Dhaka THE BANGLADESH OBSERVER in English 24 Feb 84 pp 1, 12]

**IMPRISONED MINISTERS ILL**--Six imprisoned former Ministers of BNP Government are now getting treatment at the P. G. Hospital. They are former Deputy Prime Ministers Mr. Jamaluddin Ahmed and Mr. S. A. Bari AT, former Ministers Mr. K. M. Obaidur Rahman, Mr. Abul Kashem, former State Ministers Mr. Tanvir Ahmed Siddiqui, and Mr. Atauddin Khan. Among them the condition of Mr. Obaidur Rahman was stated to be serious. [Text] [Dhaka THE BANGLADESH OBSERVER in English 29 Feb 84 p 1]

**JAHANGIRNAGAR UNIVERSITY REOPENS**--Classes of Jahangirnagar University will resume on March 8 and the residential halls of the university will be opened on March 7. It was decided in a special syndicate meeting held on (Tuesday). The Syndicate discussed the report submitted by the Conciliatory Committee which was formed in a special syndicate meeting for the purpose. It may be mentioned here that the university was declared closed on February 11. [Text] [Dhaka THE BANGLADESH OBSERVER in English 29 Feb 84 p 8]

**FORMER PREMIER'S WHEREABOUTS**--The family members of Shah Azizur Rahman are not aware of the whereabouts of the former Prime Minister since he was picked up by plainclothed intelligence people from his Gulshan residence on Wednesday. The family members said, Shah Aziz, Senior Vice-Chairman of Bangladesh Nationalist Party (BNP) had been taken away by the same people from his residence in November last but was released later. [Text] [Dhaka THE NEW NATION in English 2 Mar 84 p 1]

NEW TRADE BODY--A new trade organisation under the name Bangladesh Chamber of Industry has been established with head office in Dhaka on Wednesday with Mr. Anwar Hussain as convener and Alhaj M.A. Huq as co-convener. The members of the Chamber of Industry are Mr. Mesbahuddin Ahmed Bablu, Mr. Matiur Rab, Mr. M.A. Kashem, Mr. Afzal Khan and Mr. Hafez Munir Hussain. [Text] [Dhaka THE BANGLADESH OBSERVER in English 1 Mar 84 p 3]

SEVEN-PARTY MEETING--The seven-party alliance in a meeting held on Monday expressed grave concern over the interference of the government in the working of the Election Commission which is a quasi-judicial body. The meeting resented the remark by DCMLA Rear Admiral M. A. Khan announcing the decision of the government to allow time for those who could not file nomination papers for the election of Upazila Parishad Chairmen. The nomination papers for upazila polls were submitted on February 24 last. Presided over by Principal Irshadullah, General Secretary of Democratic League (Rouf) a component of the seven-party alliance and held at the residence of Mrs. Farida Rahman of BNP (Sattar) the meeting viewed that the remark made by Rear Admiral M. A. Khan was a direct interference in the affairs of an independent, neutral and quasi-judicial body like the election commission. It has also given rise to the question whether the government or the election commission is authorised to deal with the submission of nomination papers and other matters concerning the polls, the meeting noted. [Text] [Dhaka THE BANGLADESH OBSERVER in English 28 Feb 84 p 1]

IDA CREDITS--Washington, Feb. 25--Bangladesh and International Development Agency (IDA) have signed here a development credit agreement for SRD 23.8 million to finance a number of projects in four years between 1984 and 1987, reports BSS. The soft-term credit, signed yesterday, will help accelerate the pace of economic development of the country. High developmental priority in terms of planning goals was considered for the loan given for 50 years with a 10-year grace period. World Bank's regional Vice-President William D. Hopper and Economic Minister of Bangladesh Embassy Nazem A. Chowdhury signed the credit agreement. Alternative executive director of the bank Golam Kibria was also present. The credit (US dollar 25.0 million equivalent) will finance a) technical assistance for preparation and implementation of development projects, b) studies for formulation of economic and sectoral policies, c) improvement of management and coordination of technical assistance within the governmental agencies, and d) development and strengthening of local consulting industry. [Text] [Dhaka THE BANGLADESH OBSERVER in English 26 Feb 84 p 12]

SAUDI LOAN UTILIZATION--Over 250 million US dollar worth of project assistance offered by Saudi Fund for Development (SFD) has remained unutilised till date. The unutilised SFD project loans are related to areas like Ashuganj power station deep tube-well irrigation, small irrigation, railway rehabilitation, Chittagong Urea Fertiliser Factory, Ranipukur hardrock Joy purhat limestone mining etc. These loans are in effect since January 1982 or even before. It may be recalled here that two broad project loan financing packages worth about 300 million US dollar under two agreements--one in 1977 and the other in 1981--were signed between Bangladesh and

SFD till date. But, poor project management, inefficient development administration as much as shortage of matching Taka resources have all combined to cause the project aid disbursement to a very slow pace. While the volume of unutilised project aid from SFD has remained at a very high level because of poor project aid absorptive capacity, a new 9.5 million US dollar project from SFD for exploration of oil at Patharia in Sylhet has recently been agreed upon between the two sides during the recent visit of an SFD team to Bangladesh. The SFD delegation left Dhaka last week. A Petrobangla team will now be going to Saudi Arabia with necessary papers and legal documents for appropriate follow-up action for the conclusion of the loan agreement. The new project loan agreement is expected to be signed within the next two months. [Text] [Dhaka THE BANGLADESH OBSERVER in English 26 Feb 84 p 1]

PORTUGUESE AMBASSADOR--Dr Antonio Telo de Almeida de Magalhaes Colaco has been appointed Ambassador of the Republic of Portugal to Bangladesh with residence in New Delhi an official announcement said in Dhaka on Thursday, reports BSS. Born in 1929 Dr. Antonio Telo joined the Ministry of Foreign Affairs of Portugal in 1954 as a career diplomat, served in various capacities at Washington, Boston, Copenhagen, Oslo and Caracas. He was Portuguese Ambassador in Prague in 1974, Consul General in Montreal in 1977, and Ambassador to India in 1983. [Text] [Dhaka THE BANGLADESH OBSERVER in English 25 Feb 84 p 3]

SRI LANKA ENVOY--The new High Commissioner of Sri Lanka to Bangladesh Mr Edwintillekeratne presented his credentials to the President Lt. Gen. H.M. Ershad at Bangabhaban in Dhaka on Tuesday morning, reports BSS. Presenting his credentials, the envoy said that his country and Bangladesh were bound by traditional ties of mutual understanding and cordiality and added that he would put in his best efforts to promote the relations between the two countries further during the period of his incumbency. The President reciprocated the sentiments expressed by the envoy and said that Bangladesh and Sri Lanka were bound by the ties of history, geography and culture from time immemorial. He hoped that the existing friendly relations between Bangladesh and Sri Lanka would further be widened and deepened to the mutual benefit of the two peoples in the years ahead. [Text] [Dhaka THE BANGLADESH OBSERVER in English 25 Feb 84 p 3]

COMMUNIST LEADER'S ILLNESS--The condition of CPB leader Mr. Moni Singh slightly improved yesterday. According to the Medical Board, Mr. Singh has been suffering from transient ischiamic attack. Despite slight improvement, his condition was still stated as critical by the Medical Board. He had been also suffering from diabetes for the last 18 years. Different political leaders including Professor Muzaffar Ahmed, Syed Altaf Hossain, Mr. Mizanul Huq, General Secretary of teachers association of BUET, Dr. Sarwar Ali General Secretary Medical Association, Mr. Abu Jafar Shamsuddin, Mr. Mahadev Saha, and Principal Syed Heshamuddin visited the ailing CPB leader. [Text] [Dhaka THE NEW NATION in English 29 Feb 84 pp 1, 8]

GUYANA ENVOY--Mr Shiv Sahai Naraine has been appointed High Commissioner of the Cooperative Republic of Guyana to Bangladesh with residence in New Delhi, a Foreign Office release said, reports BSS. Born on March 4, 1924 Mr Naraine did his B. Sc. (Hons) in Engineering from London in 1951. A career Engineer, Mr Naraine became Minister of Housing in 1972 and Senior Minister of Works and Transport in 1974. He became High Commissioner of Guyana to India on November 7, 1983. He is married and has six children. [Text] [Dhaka THE BANGLADESH TIMES in English 2 Mar 84 p 3]

CSO: 4600/1635

## ANALYST COMMENTS ON MRS QADHDHAFI'S INDIA VISIT

Madras THE HINDU in English 25 Feb 84 p 9

[Article by G. K. Reddy]

[Text]

NEW DELHI, Feb. 24.

The wife of the Libyan President, Col. Muammar Qadhafi, arrived today with an entourage of 35, including an Indian doctor, on a ten-day private visit to India to visit a number of places of religious and tourist interest.

She was received at the airport by the President's daughter, Dr. Gurdeep Kaur, and driven to Rashtrapati Bhavan where she is staying as a State guest.

The first lady of Libya is to have lunch with the Prime Minister, Mrs. Indira Gandhi, on Tuesday when she will deliver a personal letter she has brought from her husband, presumably conveying an invitation to her to pay a visit to Libya at her convenience.

The Indian Ambassador to Libya, Mr. Arjun Asrani, was told about two weeks ago that Mrs. Qadhafi intended to pay a private visit to India shortly, and he informed the External Affairs Ministry about it. The Government of India sent a message saying that she would be most welcome to pay this visit and requested her to be a State guest during her stay here.

It was only yesterday that the Libyan Government informed the Indian Ambassador that Mrs. Qadhafi was leaving for India the same day by a special plane, and after a overnight stop-over in the United Arab Emirates, she would be arriving in Delhi today with her 35-member entourage. The details of her engagements in Delhi and visits to other places are being worked out by the External Affairs Ministry in consultation with the Libyan officials accompanying her on this visit.

An impression has been created by some interested or ill-informed circles that the Libyan President had sent his wife on a secret mission with an urgent personal message to Mrs. Indira Gandhi, in her capacity as chairperson of the non-aligned movement, to take some initiative to end the Iraq-Iran war before it escalates into a wider conflict. The senior officials in the External Affairs Ministry dealing with West Asian developments have dismissed this theory as mere speculation.

**Setback to ties:** Indo-Libyan relations which have been generally good suffered a setback

during the last year of Janata rule, because of some misunderstanding over the nature of the nuclear help that India had agreed to extend to Libya through a mutual cooperation agreement. When the Libyan Vice-President, Staff Major Jaloud visited Delhi in 1976, he requested the then Prime Minister, Mr. Morarji Desai, to help his country in its nuclear programme.

The Indian officials, including the former Chairman of the Atomic Energy Commission, who discussed the details with him, gave some ambiguous assurances which were mistaken by Staff Major Jaloud for a promise to help Libya make an atom bomb, while what India meant was only cooperation in peaceful uses of nuclear energy for medical and other purposes.

The Libyan leader, Col. Qadhafi, who agreed to sell six million tonnes of oil to India at that time at OPEC price, when the open market rates had shot up by nearly 25 per cent, suddenly cancelled the contract after selling only a fraction of the contracted quantity of crude to voice his displeasure over the Indian refusal to help him make nuclear weapons. But India preferred letting this oil contract lapse to getting caught in a secret deal that was contrary to its declared policy of not exercising its nuclear option or helping other countries to do so through transfer of technology or other assistance.

But lately Col. Qadhafi has been wanting to improve his relations with India, which have remained cordial despite this misunderstanding over the nuclear issue, since at no stage did he try to follow up the revocation of the oil deal with cancellation of the many on-going Indian industrial and construction projects there. He has been wanting Mrs. Gandhi to visit Libya and follow up with a return trip to India to strengthen Indo-Libyan relations.

The visit of Mrs. Qadhafi is, therefore, being viewed against this general background in the belief that it is perhaps intended to pave the way for closer bilateral links rather than to involve India in any Libyan-supported international initiatives whether it is in respect of the Iraq-Iran war or the crisis in Lebanon.

CSO: 4600/1616



ANALYST TELLS INDIAN POSITION ON PAKISTAN TALKS

Concern Over Military Buildup

Madras THE HINDU in English 27 Feb 84 p 1

[Article by G. K. Reddy: "India Feels Time Not Ripe for Talks on No-War Pact"]

[Text] New Delhi, Feb. 26--The Government of India is keen that the Indo-Pakistani sub-commission and its four sub-commissions should continue their efforts to improve bilateral relations in non-controversial spheres, despite the new strains that have developed between the two countries over their conflicting political and strategic interests.

The near deadlock over the relative implications of the two inter-related proposals for a more comprehensive friendship treaty and a single no-war pact will continue for the present, in the absence of any meaningful initiative from either side to synthesise the two concepts into a mutually acceptable formulation that is capable of providing a positive orientation to Indo-Pakistani relations.

SARC Meeting Today

The Foreign Secretary of Pakistan, Mr. Niaz Naik, arrived today to attend a three-day meeting of the standing committee on South Asian Regional Cooperation (SARC) which will be inaugurated on Monday by the External Affairs Minister, Mr. P. V. Narasimha Rao.

Mr. Naik will stay on for two more days in Delhi for an informal exchange of views on bilateral issues, including the stalled no-war negotiations, to offer some clarifications of the Pakistan position and seek in the process suitable elucidations from India of its own approach in the normalisation of relations.

The Foreign Secretary of India, Mr. M. K. Rasgotra, has invited Mr. Naik to Udaipur along with the ambassadors of India and Pakistan for a tete-a-tete in one of the luxury hotels of the lake city, away from the hustle and bustle of Delhi. The basic purpose of this informal dialogue between the two Foreign Secretaries is to understand each other's concerns better,

while voicing their respective apprehensions about Indian and Pakistani policies and actions.

#### Time Not Ripe Now

Though Mr. Naik is probably coming with a brief to reopen the interrupted talks on the twin propositions for a friendship treaty and no-war pact, Mr. Rasgotra will make it clear to him that in India's view the present time is not opportune for the resumption of these negotiations. It is necessary, in India's opinion, to concentrate first on restoring mutual confidence before engaging in a fresh dialogue which might run into a dead-end again.

The continued acquisition of highly sophisticated weapon systems well beyond Pakistan's legitimate defence requirements had naturally made India wary about the very purpose of a no-war pact in this situation. The Prime Minister, Mrs. Indira Gandhi, who has been cautioning the country about the dangers of another war, is not taken in by Gen. Zia-Ul-Haq's repeated assurances that Pakistan was not itching for another armed conflict.

As Prime Minister, she has to contend with Pakistan's capabilities and not just its intentions. It has not only doubled its military strength since the Bangladesh conflict but continues to deploy on India's borders as many as 16 of its 21 divisions within striking distance.

India, too, has roughly an equal number of divisions facing Pakistan and it has a two-to-one air superiority at present, but if the military regime in Pakistan decides to embark on the gamble of a major confrontation, it has the capacity to launch surprise attacks in corps strength at least at two points of its choice.

#### No Other Option

In this situation India cannot allow itself to be lulled into complacency by the talk of a no-war pact, as long as Pakistan refuses to commit itself categorically not to give bases to other powers, arm itself beyond its legitimate needs and settle all outstanding disputes exclusively through bilateral negotiations without outside interference. In the absence of such firm assurances, India is left with no option except to step up its own defence efforts to provide the requisite margin of deterrence against any adventurism by Pakistan.

The Pakistan Foreign Secretary will be told as politely and firmly as possible about these Indian concerns, while indicating in no uncertain terms that the time is now not opportune for an earnest resumption of the no-war talks. The best that can be done in these circumstances is to work through the joint commission and its sub-commissions to create an atmosphere of greater confidence through improved bilateral relations, before coming to grips with the no-war tangle.

Mr. Rasgotra will have no objection in principle to paying a visit to Islamabad to keep the continuity of these exchanges, but he does not want to raise any false expectations of progress by indulging in mere platitudes.

#### Negative Attitude To Be Avoided

Madras THE HINDU in English 29 Feb 84 p 1

[Article by G. K. Reddy: "India Not Averse to No-War Talks With Pakistan"]

[Text] New Delhi, Feb. 28--The Foreign Secretaries of India and Pakistan, Mr. M. K. Rasgotra and Mr. Niaz Naik, will be taking a fresh look at the strained relationship between the two countries during their two-day sojourn in the placid atmosphere of Udaipur in an effort to identify at least the root causes of recurring frictions, even if the basic animosities that continue to create a crisis of confidence cannot be eliminated at present.

As a prologue to this dialogue, Mr. Naik today gave an assurance that Pakistan was determined to make a positive effort to remove the irritants impeding the process of normalisation, while Mr. Rasgotra reiterated his readiness to exchange views on the whole gamut of Indo-Pakistan relations, including the two inter-related proposals for a friendship treaty and a no-war pact.

The Pakistan Foreign Secretary is going to Khajuraho tomorrow on a day-long trip along with the heads of delegations of other countries who had come to Delhi for the standing committee meeting on South Asian regional cooperation. He will be leaving for Udaipur on Thursday and return on Saturday in time to take the flight back to Pakistan.

#### Informal Talks

There is no structured agenda as such for these talks and the two can raise any subject of interest or concern to either side. The informal nature of these discussions will not preclude an exchange of views in depth on important issues to dispel each other's misgivings or clarify their respective positions.

But there will be no negotiations as such to narrow the differences, much less to evolve mutually acceptable positions, since the primary fears and suspicions about each other's intentions remain to be allayed through a prolonged and painstaking confidence building effort before India and Pakistan could come to grips with the problems of normalisation.

The two Foreign Secretaries will certainly go through the motions of reassuring each other about the earnest desire of their Governments for better relations, but neither is likely to come forward with any new initiatives other than for resuming the stalled dialogue with an early return visit by Mr. Rasgotra to Pakistan.

## No War Clouds

An astute diplomat, Mr. Naik said today, in an informal chat with the press at the conclusion of the SARC meeting, that there were no war clouds hanging over Indo-Pakistan borders and that his country was not engaged in any war preparations. On the contrary, Pakistan was all set to embark on a peace offensive to improve its relations with India by closing the communication gap and initiating a new dialogue at various levels to resolve bilateral differences.

As Pakistan is bent on reviving its no-war offer with assurances of positive cooperation, India cannot afford to adopt a negative attitude by doubting its intentions or refusing to respond to its overtures in this psychological exercise. So it has decided to give the impression that it is ready to restart the interrupted dialogue if a right climate could be created for such a resumption.

Mr. Rasgotra is expected to assure his Pakistani counterpart that he is prepared to pay his long overdue return visit to Islamabad to get back the no-war dialogue into stride, if the two sides could arrive at an understanding to synthesise the main elements in the two drafts for a more comprehensive friendship treaty and a single agreement on non-aggression. The visit could take place within the next two or three months provided Mr. Naik has come with proper assurances from Islamabad that Pakistan is genuinely interested in better relations.

## New Arms Race

But otherwise there is little scope for any dramatic moves for a rapprochement as long as Pakistan continues to arm itself feverishly well beyond its legitimate defence requirements. The new arms race brought about by this monumental folly has soured the relationship to such an extent that any talk of a no-war pact sounds quite hypocritical in this situation.

If India feels constrained to enter into serious negotiations with China over the border issue in an election year, it will be no less inhibited from accepting Pakistan's assurances of goodwill at their face value even for tactical purposes. The farthest that India can go at this time is to give the impression that it is not averse to the idea of resuming the no-war dialogue if a proper atmosphere can be created for it. And this in short will be Mr. Rasgotra's stance at the lake side tete-a-tete in Udaipur with his Pakistani colleague.

CSO: 4600/1622

## PAKISTAN CONTRACT FOR U.S. MISSILES NOTED

Bombay THE TIMES OF INDIA in English 27 Feb 84 p 1

[Text]

NEW DELHI, February 26 (UNI).

**P**AKISTAN has signed a multi-million dollar contract with the United States for the purchase of advanced medium range air-to-air missiles (AMRAAM).

These latest missiles would be fitted into the remaining 36 F-16 fighter aircraft Pakistan is acquiring from the United States and could also be integrated with the existing Pakistan Air Force's Mirage IIIs and Mirage Vs.

The AMRAAM, designated 'Sparrow', is a stand-off weapon which could be fired from beyond the visual range of 30 km. with total precision. This would give the PAF tremendous air superiority.

Defence experts said this would mark the induction of a very high level of sophisticated military technology into this region.

Sources said on February 3, Pakistan signed another contract with General Dynamics Company for \$9.3 million to cover the cost of escalation in prices of Sparrow missiles.

The thinking in India so far was that the United States would not supply the Sparrow Aim-7 missiles

to Pakistan. The latest contract confirms the "worst fears," experts said.

The supply of these missiles to Pakistan would have "very serious" implications for the Indian Air Force which does not have the requisite electronic counter measures equipment to neutralise the Sparrow threat.

It were these Aim-7 Sparrow missiles which the Israelis used from their F-15 and F-16 aircraft in the Bekaa valley in June 1982 and shot down 89 Syrian air force jet fighters.

## DEADLY COMBINATION

Reports have come in that Pakistan is now finalising the purchase from U.S. of Grumman E-2C Hawkeye early airborne warning and control system (AWACS) aircraft. This plane carries a 7.3-metre saucer-shaped dome on its back capable of spotting aircraft to a distance of 334 km.

Defence experts said when the Pakistanis use the F-16's Sparrow missiles in conjunction with the AWACS, "the potential of Pakistan Air Force would so tremendously increase that the Indian Air Force would not be able to cope with it."

The Aim-7 Sparrow missile has an effective range of 70 km. The missile

is very good at evading enemy detection.

Frequency hopping makes it difficult for enemy radar detection equipment to get a fix on the missile. It has electronic target tracking facility which is completely automatic.

The APG-66 fire control radar of the F-16 can pick up an aircraft of the MiG-23 class at ranges of around 70 km. Once the F-16s pick up the IAF aircraft, the PAF pilots would have only to position themselves, acquire target and launch the Sparrow missiles. The radar cone at the head of the fuselage of the F-16 scans an area of 160 degrees and it has a capability to look up and down to 40 degrees. This is a very wide envelop and any target in this area could be easily destroyed.

Defence experts said the Indian Air Force would have to immediately assess this new threat and acquire radar warning receivers and electronic jamming equipment. Without this equipment, the IAF aircraft would be totally vulnerable. The reaction time to counter a missile is in fractions of seconds and this calls for a total reappraisal of the IAF's electronic warfare capability, the experts said.

CSO: 4600/1621

## SOUTH ASIAN FOREIGN SECRETARIES MEET IN DELHI

## Opening Day's Session

Madras THE HINDU in English 28 Feb 84 p 9

[Article by G. K. Reddy]

[Text] New Delhi, Feb. 27--The Foreign Secretaries of the seven South Asian countries--India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives--agreed today that they should try to evolve a distinct South Asian view on important international economic issues of common interest that concern the developing world without impinging on their respective sovereignties or special national interests.

The External Affairs Minister, Mr. P. V. Narasimha Rao, who inaugurated the first meeting of the standing committee of Foreign Secretaries that was formed at the Foreign Ministers' conference in Delhi in August last, stressed the importance of working together as a regional group in pursuit of collective self-reliance to reduce their vulnerability to outside pressures.

The Foreign Secretaries, who met in a closed-door session after the formal inauguration, voiced their satisfaction over the good work done by the nine working groups which were set up by the Foreign Ministers to examine in depth the scope for increased regional cooperation in the many areas specified in the integrated programme of action that was spelt out in the declaration that was adopted at the Foreign Ministers' conference. These areas include agriculture, rural development, meteorology, telecommunications, science and technology, energy, public health and population control, transport, postal services, and sports, arts and culture.

The draft report of the standing committee, endorsing the recommendations of these working groups for consideration and approval by the Foreign Ministers at their next meeting in July in the Maldives, added a new item dealing with the world economic situation to voice the grave concern of seven South Asian countries over issues like the continued impasse over North-South dialogue and the reluctance of the big powers to contribute fully to the next IDA replenishment. The report voiced the determination of the South Asian countries to work together in appropriate international forum to promote the objectives of the non-aligned declarations.

But otherwise the Foreign Secretaries decided to confine South Asian Regional Cooperation (SARC) to the integrated action programme stipulated in the declaration issued by the Foreign Ministers at their first meeting in August last on the objectives and principles of this cooperation. They felt that any attempt to achieve too much all at once would run into difficulties and might even defeat the very purpose by diffusing the effort.

#### Consensus on Modest Start

The Foreign Secretary of Pakistan, Mr. Niaz Naik, felt that the collective approaches of SARC to various issues of regional cooperation should follow the patterns set by the Association of South-East Asian Nations (ASEAN) which was proved to be a highly successful endeavour in collective self-reliance. The Foreign Secretaries of the other six countries agreed with this view with varying degrees of reservations, but the consensus was that it would be more desirable to make a modest start that reflected the realities of the South Asian situation without trying to follow the ASEAN example.

The first meeting of the standing committee of SARC will conclude tomorrow afternoon or on Wednesday morning with a general statement on the adoption of the draft report on the recommendations of the working groups for approval by the Foreign Ministers at their next conference. It will also announce the decision to hold first South Asian archaeological conference in Delhi and the historical conference in some other capital in the region.

In his inaugural address, Mr. Narasimha Rao stressed that in the prevailing international climate the voice of the third world continued to be ignored and, unless the developing countries asserted themselves vigorously, their interests would suffer even more in future. In addition to being members of non-aligned movement, the South Asian seven also shared a common heritage in many respects.

The vast potential for South Asian cooperation which was now beginning to be tapped should enable these countries to embark on a well conceived programme of regional cooperation. And he also stressed that without friendly political relations it would be difficult to work together for closer economic, social or cultural links in common interest.

#### Meeting Concluded

Madras THE HINDU in English 29 Feb 84 p 7

[Article by G. K. Reddy]

[Text] New Delhi, Feb. 28--The Foreign Secretaries of the seven South Asian countries--India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives--concluded the first meeting of the standing committee on regional cooperation a day earlier than schedule after adopting reports of the nine working groups and pledging the necessary funds for the implementation of

the wide-ranging decisions to achieve collective self-reliance through increased collaboration in the economic, technical and cultural spheres.

The standing committee recommended to the Foreign Ministers acceptance of the recommendations for closer cooperation through an integrated programme of action in specified areas besides working together in relevant international organisations to bring about a more equitable international economic order through a North-South dialogue in the larger interests of both developing and developed nations.

The Foreign Secretaries, who reviewed the world economic situation, voiced concern over the continued impasse in the North-South dialogue and called for a fundamental restructuring of the present international economic institutions to ensure better credit facilities and development assistance for the poorer nations. The document adopted by the meeting fully endorsed the initiative of the seventh non-aligned summit in pleading for an early international conference on money and finance for development.

A pointed reference was made to the reluctance of the donor countries to contribute adequately for the International Development Agency's seventh replenishment. In this context the Foreign Secretaries commended the concrete suggestions put forward by the Group of 77 to bring about early international monetary reforms for removing the current imbalances in the global financial system.

The Foreign Secretary, Mr. M. K. Rasgotra, who wound up the two-day deliberations, said the implementation of the recommendations of the standing committee would contribute significantly to both the concept and attainment of the objectives of South Asian Regional Cooperation (SARC), reflecting the many common perceptions of the seven-member States. The SARC, he said, was now moving from the stage of technical studies to the implementation of the agreed action programmes.

The Pakistan Foreign Secretary, Mr. Niaz Naik, who spoke on behalf of the other delegations, thanked India for the positive thrust provided by it to make this dream a reality and bring the countries of the region together in giving a concrete shape to their collective aspiration for greater cooperation.

The two-day meeting concluded on this happy note after adopting the integrated action programme and setting the right line for its implementation in the fields of agriculture, industry, science and technology, meteorology, public health, family planning, telecommunications, transport, postal services and sports, arts and culture.

CSO: 4600/1623



## PRESS REPORTS STATEMENTS BY DEFENSE MINISTER

24 Feb in Lok Sabha

Madras THE HINDU in English 25 Feb 84 p 7

[Text]

NEW DELHI, Feb. 24.

How close is Pakistan to having its atom bomb popularly known as "Islamic Bomb", Government was asked in the Lok Sabha today by Mr. P. Namgyal and Mr. Navin Ravani. The Government have seen media reports but have no reliable information in this regard, the Minister of State for Defence, Mr. K. P. Singh Deo said.

The Defence Minister, Mr. R. Venkataraman informed Mr. K. Pradhani and Mr. Digambar Singh that the "massive" arms assistance from the U.S. to Pakistan did have certain security implications for India.

The members wanted to know whether the Government had seen press reports suggesting that President Zia had promised the U.S. use to Pakistani airfields.

Mr. P. M. Sayeed and Mr. B. V. Desai asked the Defence Minister if India had decided to acquire sophisticated military equipment to counter the threat arising from the induction of latest weapons in the neighbourhood like China, Pakistan, Sri Lanka and Nepal. They also wanted to know if China and Pakistan had signed military pacts with the United States for providing nuclear weapons.

Mr. Venkataraman replied the security environment in the region was constantly reviewed by the Government.

"To keep our defence forces in a state of full preparedness", necessary defence equipment is manufactured indigenously as well as procured from various sources, he said.

He assured the members that for this purpose military equipment from various countries, including the United States are evaluated. Mr. Venkataraman declined to disclose details.

He said the Government had no information to indicate that China and Pakistan had signed military pacts with the United States for providing nuclear weapons. Mr. Venkataraman said there was no confirmed information about reports that Pakistan President has promised to allow U.S. planes to use

Pakistani airfields. Mr. Venkataraman informed Mr. Putte Gowda that a decision on the option secured from the French manufacturers for indigenous manufacture of Mirage-2000 aircraft would be taken in due course after examining all available alternatives. It was difficult to compare different categories of aircraft since each had its own advantages and disadvantages. "The Government chooses that which suits their defence needs best," he added.

**Pak. military exercise:** The Defence Minister, said the Government was aware of Pakistan army, navy and air force joint annual winter exercises and that some recently acquired equipment had been tried out during these exercises.

In the Rajya Sabha the Minister of State for External Affairs, Mr. A. A. Rahim said in a written answer that there had been some incidents of exchange of fire between Pakistani and Indian forces across the line of control in Jammu and Kashmir during the last two months, as a result of unprovoked firing by Pakistani troops. — UNI and PTI.

25 Feb at Calcutta Airport

Calcutta THE SUNDAY STATESMAN in English 26 Feb 84 p 1

[Text]

"WE have tightened all security measures to stop leakage of Defence secrets", the Defence Minister, Mr R. Venkataraman said at Calcutta airport on Saturday. A very senior official has been entrusted with the charge of "classified materials". "Even service personnel will not have access to these materials without the permission of the officer-in-charge", he added.

Mr Venkataraman said this in reply to a question on steps taken to stop leakage of Defence secrets following such an incident involving some senior Defence officials some time ago.

Replying to another question, the Minister said that India had no aggressive design on any country. "We do not have any army build-up at the border. The army carried out some exercises at times", he said.

Asked to comment on Pakistan's reported army build-up along the border, he said, "It is difficult to say anything definitely about this. But India is prepared to face any eventuality", he added.

The Minister further said that Pakistan was getting many sophisticated weapons and the country "will grow stronger than now in course of time." Replying to questions on Pakistan's acquisition of F-16 aircraft and manufacture of nuclear weapons, Mr Venkataraman said that he would not make any comment even if he knew about it.

He further said that India was apprehensive of the international situation because of the arms race among the super Powers. Even a mistake under the situation might cause a catastrophe. "It is necessary to impose a restriction on the possession of nuclear weapons as a first step and followed by a general and total disarmament", he remarked.

Mr Venkataraman further said that super Power rivalry in the Indian ocean was a matter of concern for India. Asked to comment on the country's Navy power, he said that Indian Navy "is in fine trim."

Referring to a reported theft of some rockets in Assam some time back, the Minister said that he'd not have any information of any

such incident. The arms and ammunition were being transported by train. Sometimes criminals pilfered them mistaking them for valuables. But later, these were abandoned and subsequently recovered, he said.

The Minister, who had come to Calcutta from Delhi on Friday, left for Madras. He was seen off at the airport by senior Army officials and other Government officials.

## 25 Feb Calcutta Speech

New Delhi PATRIOT in English 26 Feb 84 p 8

[Text]

**Calcutta, Feb 25 (PTI)**—The Defence Minister, R Venkataraman today urged the workers in the the ordnance factories and other defence production units to strive for higher productivity to meet the increased vital requirements of the country's defence forces, particularly in the context of the ever-changing military balance around India.

Inaugurating the silver jubilee celebrations of the INTUC-affiliated Gun and Shell Factory Karmachari Union in Cossipore in north Calcutta, Mr Venkataraman said India was constantly striving to keep abreast of the rapidly changing military technology.

Some of the arms and ammunitions, produced in the ordnance factories with local technology, had proved far better than the most sophisticated ones in some of the developed countries. "I mention this to reiterate that the operational effectiveness of the defence forces is largely determined by the ability of the country to provide them with the wherewithal for successful conduct of operations", Mr Venkataraman added.

In this direction, Mr Venkataraman said, it had been the policy of the Government to achieve the greatest possible self-reliance and self-sufficiency in weapons and equipment. The Defence Research and Development Organisation, which was also now celebrating its silver jubilee had played a major role in this effort.

He was glad that the ordnance factories had been continuously inter-acting with defence R and D organisation with a view to continuously improving the quality of the items manufactured to ensure that country's defence services got the most up-to-date weapons and equipment.

Mr Venkataraman said a number of new

projects had been sanctioned and to enable the ordnance factories to keep up with these changes, the Government had also undertaken their modernisation in a phased manner. The extent to which the ordnance factories had contributed in these efforts could be seen from the fact that their value of production had increased gradually over the years to a level of Rs 869 crore in 1982-83 which was expected to touch the Rs 950 crore mark in 1983-84.

Congratulating the workers for their whole-hearted and dedicated work, Mr Venkataraman said the credit for increased production better productivity, indigenisation of sophisticated defence equipment and components went entirely to them and the management of the factories. Further, the excellent industrial relations in the ordnance factories had contributed in no small measure towards this achievement, he said.

He made it clear that conscious efforts were continuously being made to improve the working conditions and emoluments of the workers besides giving a number of incentives, like medical and educational facilities to the workers and their family members.

Earlier, Mr Venkataraman said the nation could be proud of the growth of the ordnance factories in the country. From a single factory in 1801, the country now had 34, including three in project stage. A great deal of expertise had been developed in these factories for the manufacture of a wide range of extremely sophisticated products.

Among those present were Mr K P Singh Deo, Union Minister of State for Defence, who translated Mr Venkataraman's speech in Bengali and Mr P Rajagopalan, chairman, Ordnance Factories Board and director-general of ordnance factories.

CSO: 4600/1616

## ANALYST: QUALITY OF CABINET DECLINING .

Madras THE HINDU in English 26 Feb 84 p 2

[Article by G. K. Reddy: "Escapist Policy on Emotive Issue"]

[Text]

**A**S a nation, India suffers from a split personality that is detrimental to its interests. It encourages double talk, double think and double standards in life, often warping the minds of the people and influencing their attitudes. It has led to inverted thinking in moments of stress and strain, breeding in turn a degree of hypocrisy in politics and distorting values.

How else can one explain away, much less rationalise, the great sensitivity and utter callousness, strong compassion and total indifference, extraordinary kindness and shocking cruelty, exceptional generosity and disgusting pettiness, amazing patience and astounding intolerance, and robust faith and perplexing fatalism that characterise the actions and reactions of the Indian people in moments of sudden crisis or calm introspection?

**Avoidable animosities**

The complexity of the Indian scene is a by-product of its diversities, the differing traditions of its people and the multiple pressures of a plural society striving hard to leap forward to make up for the missed opportunities of the past. But the very process of its quest for quicker progress through self-assertion has landed the country in a state of flux, creating internal imbalances, generating avoidable animosities and breeding real or imaginary grievances that have coarsened the quality of life by stirring up raw passions.

One can take the philosophical view that this is the price a change-resistant society has to pay for making an ambitious bid to step up the pace of its development even at the risk of running into conflict with vested interests. But the calibre of leadership has to be high enough to be able to canalise the popular emotions along the right channels.

It is relatively easy for any politician to stir up the ant-hill but much more difficult to play the role of leading them to the promised land to

sustain their aspirations. The real test of leadership is how to bring back the columns of ants spreading out in different directions into a single stream, to enable them to shed their cross-purposes and regain the lost initiatives for a collective reassertion of their yearning for a better dispensation.

**Evils of populism**

The Titanic figures that led the freedom movement and later helped to consolidate independence in the wake of partition, were imbued with an ennobling vision, gifted with the rare quality of doing the right things to make a profound impact on the minds of the people. But in the after-glow of freedom many undesirable elements managed to get into public life and find their way into positions of power and patronage, progressively bringing down the country's political values and throwing the floodgates open to all the evils of factionalism and populism, nepotism and corruption, defections and makeshift alliances.

As one who stepped on the ant-hill first, Mrs. Indira Gandhi failed to control the forces of disunity that she had let loose and, in an effort to rope in those whom she needed to run her creaky party machine, she allowed many undesirable elements to jump on to her bandwagon.

The personality cult propagated with a vengeance after the first Congress split by those who managed to worm their way into her inner circle relegated into the background the few political heavyweights still left on her side. It distorted the whole pattern of party politics by encouraging the new genre of leadership to take to the soap-box in a big way to cover up its inadequacies with an aura of radicalism. The whole accent was on maligning one's opponents and offering alibis for non-performance.

The light-weights installed in pivotal posi-

tions, both in the Government and the party organisation, altered the whole concept of the Cabinet system, not only by investing all the power and responsibility in the Prime Minister, but also reducing other senior Ministers into political non-entities.

The Prime Minister had to come to their rescue everytime they ran into rough weather over some transient controversy or got caught up in corruption charges. In attempting to shield them, Mrs. Gandhi had to bear the cross at times because she did not want to let down a wayward colleague in distress until he became too much of an embarrassment.

The secret of success in a parliamentary democracy lies in choosing and encouraging colleagues who can lend support to the head of Government, instead of relying on the Prime Minister to sustain them in office. It is, no doubt, the prerogative of a Prime Minister to choose one's colleagues, but after making the choice one should be able to count on them to contribute collectively to the prestige and influence of the Government.

#### Great harm

A great harm that has been done to Indian democracy even before the first Congress split was in down-grading the importance and influence of key Ministries at the Centre. It was in Nehru's time that Mahavir Tyagi was put in charge of Defence to the utter dismay of the armed forces, before Krishna Menon was made the Defence Minister with disastrous consequences. Similarly, Mr. Gulzari Lal Nanda was appointed Home Minister to the surprise of everybody, and he had to be abruptly removed after he played havoc with his sadhu samaj politics which finally culminated in police firing in front of Parliament House. The Finance Ministry too had its spell of humiliation when Lal Bahadur Shastri installed a prominent lawyer, Sachin Chaudhury, who knew nothing of economics, after T. T. Krishnamachari's resignation.

It was, however, left to Mr. Charan Singh to do the maximum damage during his two-year stewardship of the Home Ministry and his brief spell at the Finance Ministry with his obscurantist ideas. He tried to run the Home Ministry as a public prosecutor's office to punish those guilty of Emergency offences without realising that he was perpetrating similar excesses with his arbitrary ways of governance.

Mr. Charan Singh did greater damage to the economy as Finance Minister before he became a caretaker Prime Minister for a few months after the collapse of the Janata Government. He suffered from exaggerated notions of his importance, imagining that the people had immense faith in him.

But Krishna Menon, Mr. Nanda and Mr. Charan Singh were not the only ones that did the utmost harm with their eccentric policies and prejudiced attitudes, since many others who became important Ministers in the wake of Mrs. Gandhi's landslide victories in 1971 and 1980 have done equal harm either through administrative inexperience or over-reaching ambitions by attempting to transform their Ministries and departments into private

parishes and packing them with their favourites. Some of the economic ministries have suffered considerably through a wrong choice of Ministers and the tolerance of their infractions by the Prime Minister for totally extraneous reasons.

The main damage, however, has been done to the Home Ministry which looks after practically half the Government at the Centre, as the main administrative channel for all the dealings with the States. It used to be said at one time that the Home Minister, who ranked second only to the Prime Minister has to be a big enough and strong enough personality in his own right with a proper party position to be feared or respected by Chief Ministers, Union Ministers and the Services. As Home Minister, Sardar Patel was both feared and respected, while Govind Ballabh Pant and Lal Bahadur Shastri were respected for their shrewd understanding of Indian politics and capacity to muster support for their actions.

The real decline started when Mrs. Gandhi and Mr. Y. B. Chavan clashed in 1969 on the eve of the first Congress split over the choice of Mr. N. Sanjiva Reddy for the presidential election. After her spectacular victory in 1971, Mrs. Gandhi started dismantling the Home Ministry while down-grading the Chief Ministers to prevent the emergence of rival power centres. The succession of Home Ministers that followed had no effective voice in running them, since the Prime Minister's Secretariat became the focal point of all power and authority at the apex of the Government. The Home Ministers were either ignored or bypassed by both junior Ministers and senior Ministers functioning directly under the Prime Minister's Secretariat for all practical purposes.

A more damaging development was the increasing involvement in and interference with the administration by so-called advisers and others outside the Government who were functioning as extra constitutional authorities and throwing their weight around in the Prime Minister's name, often without her knowledge or permission. Sanjay Gandhi was blamed for many things, but he at least had the privilege of being the Prime Minister's son and privy to her thoughts, but the others who were acting as his pro-consuls were the principal culprits who started wielding enormous power by using her or his name.

The many distortions that have crept into the system of government at the Centre, and consequently in the States, are highlighted by the sad state of the Home Ministry which no longer commands the kind of respect or authority as it did in the past before its progressive downgradation. The present Home Minister, Mr. P. C. Sethi, has proved totally ineffective and the frequent talk of an impending change has undermined his position further. The bureaucracy too is demoralised by too much interference from too many sources, with the result that the top officials often wonder what exactly is the policy of the Government at a particular time on any important issue.

### **Contradictory positions**

The Punjab crisis has shown how the Government itself can take up contradictory positions because several people were simultaneously speaking and acting in the Prime Minister's name. At one stage, the Home Minister spoke of sharing power with the Akalis, only to deny the report later that he had said anything to this effect. The threats to enter the Golden Temple were contradicted subsequently after the damage had been done. Nobody in Delhi knows precisely how far the Centre is prepared to go in settling the Akali problem and at what point it would rather risk a confrontation to call the bluff than submit to the dictates of Sant Jarnail Singh Bhindranwale or the pleas of Sant Harchand Singh Longowal with all the foreseeable consequences.

In the absence of such a clarity of purpose or intention, the functionaries of the Government whether they are Cabinet Ministers, senior officials or self-appointed emissaries continue to revel in ambiguities with inane expressions of concern and resort to postures of firmness without any content in them. It is the drift and double talk in Delhi that has encouraged the Haryana Chief Minister, Mr. Bhajan Lal, to throw a spanner in the wheel and precipitate a bigger crisis in the bargain. A strong Centre would have immediately clamped down President's rule in Haryana to display its no-nonsense approach to the Punjab problem.

The Punjab crisis is a painful reminder of the way, the Government at the Centre has run down with all its big majority in Parliament. It is high time the Prime Minister took some imaginative steps to end the split personality of her government and restore its prestige and resilience to improve the functioning with a proper devolution of authority without overcentralisation. And the country cannot afford to see those in power revel in double talk, double think and double standards as a piece of sheer escapism rather than a calculated policy of masterly inaction to tire out the agitators and gain time to resolve a highly emotional issue like the Punjab tangle.

CSO: 4600/1619

CORRESPONDENT REPORTS DEVELOPMENTS IN NAGALAND

Maoists Lead Extremists

Bombay THE TIMES OF INDIA in English 24 Feb 84 pp 1, 9

[Article by Sivadas Banerjee]

[Text] Kohima--The National Socialist Council of Nagaland (NSCN) has become the guide of almost all the extremist groups operating in north-east India. Only the pro-Phizo Naga "federal government" outfit remains outside its orbit.

Some leaders of the Maoist NSCN have made more than one "pilgrimage" to Beijing in search of training and arms. It is armed mostly with Chinese weapons, but the phase of its total dependence on China in its insurrectionary activities is over.

Today, the NSCN, which has forged strong ties with the exceedingly powerful Kachin Independent Army (KIA) in north Burma, is in a position to provide training to other extremist groups like the PLA of Manipur or those from Assam. The KIA is known to sell arms to any insurgent outfit which is willing to pay. Money generally has been no problem for the rebel groups.

The strength of the NSCN hard core is estimated at 3,000. These are spread in three areas of north Burma--opposite Mon district of Nagaland, which is its bastion, the territory adjacent to Tirap district in Arunachal and in the Somra tract, across the predominantly Tangkhul-inhabited areas of north Manipur. While its dedicated chairman, Isaac Swe, a Sema, holds fort in the north with the main force, Muivah, a Tangkhul, who is supposed to be the principal ideologue and a gifted organiser, has set up his headquarters in the Somra tract.

Social intercourse, previously very rare, between the Tangkhul and Meitheids in the Imphal valley, apparently has brought the two ethnic groups closer to each other. This has ensured safe movement for the activists of both through each other's territory.

Koniaks form the majority group in the NSCN with Tangkhuls taking the second place numerically. Credit for making the tribals and Meitheids

forget their communal, religious and other differences, which once kept them apart, is due mainly to Muivah. This in itself is a major breakthrough for the forces of insurgency. The NSCN, on its part, has realised the folly and futility of its initial Maoist approach. The call "Nagaland for Christ" now rings through the tribal tracts.

The switch-over in appeal, no doubt, is a shift from its ideological commitment to China and communism, but the tactics have paid dividends. The NSCN is now more acceptable to the Nagas, a majority of whom are Christians. This has also helped the outfit in securing the services of a section of the church as a conduit for rebel funds. In a raid on the NSCN's Mapao hideout in Manipur documents providing proof of this development were seized. Arms were also seized from one church recently.

#### "Tax" Extracted

In the Tangkhul area, the "tax" of Rs. 15 per family extracted by the underground had been doubled a few years ago, but was reduced to Rs. 25 in 1983. This is another pointer to church intervention.

The PLA, though compelled by circumstances to align with the NSCN, still retains its Maoist character. The arrest of its leader, Biseshwar, who scorns the NSCN for being "a Beijing stooge", and subsequent intra-group struggle over tactical and leadership issues left it no choice. Other Manipur groups like the Prepak followed in the PLA footsteps. This relationship did help the new PLA leader, Themba Singh, to find his way along with 96 others (of whom 83 survived) to the KIA area for training and arms.

The recent arrest of four NSCN activists in Dimapur, Nagaland's only rail and roadhead, has been revealing. Seized documents show that one of them was formally designated by Isaac Swe as the chairman of the regional committee which means the main liaison man.

This supports the view that Dimapur has already become a clearing house for the insurgents. It was here again that one of the Assamese extremists' contact man was arrested some time ago.

Another such regional committee chairman has since been identified as Angelious, who is believed to be the NSCN "foreign secretary," following the raid on the hideout at Mapao Keithel Manbi, 15 km north-east of Imphal, in mid-1983. But Angelious narrowly escaped the dragnet and is believed to be around Manipur's capital town.

A knowledgeable source in Imphal said he operated from his "mobile" headquarters within a ten-km radius of Imphal.

The movement of NSCN from north Burma to the Somra tract or in the reverse direction has become easy now. Its men took a circuitous (all-Burmese) route for their movements formerly. This route has its dangers. It takes over 40 days of trekking across an inhospitable terrain under NFG control. Therefore, most movements now take place through the Tirap district of



Arunachal and then south to Dimapur, wherefrom individuals sneak into different parts of Manipur and Nagaland.

They even use public transport, leaving their arms to villagers to be delivered at pre-determined points in the interior. Even some Assam extremists are believed to be using the route. The situation calls for strengthening the security on the Tirap frontier.

However, there is a significant diminution of Chinese interest in these insurgent groups since the Shillong accord of 1975. The agreement was followed by large-scale surrender of Naga underground men along with their arms which the Chinese had provided. Then followed the vertical split in the underground movement, one group forming itself into the Naga federal government (pro-Phizo) and the other constituting the NSCN in 1978.

Both groups have since found sanctuaries in north Burma from which they can go out on periodic forays into Nagaland and Manipur for "tax" collection as well as fresh recruitment. This has kept a vast security force permanently tied up in the two states.

The army's main task, besides keeping a vigil on the international border, has been counter-insurgency operation and assistance to the civil administration to maintain law and order. It has been devoting much time, energy and man-power to helping the common folk in both states. This can be called the army's battle for the hearts of the people which has been more successful in Nagaland than in Manipur.

The army fights disease--the doors of its medical inspection rooms and the numerous outposts are always open to the local tribals. It helps the civil authorities to develop surface communications, build schools, prepare playgrounds for villagers and put up temples and churches. The jawans have constructed water supply schemes and run fair-price shops in remote areas. They have adopted 45 villages in Nagaland and 14 in Manipur to be developed as models.

Stabitory Singh, an outlawed Kangleipak Communist Party activist, was wounded in an exchange of fire near Imphal last year. His captors, army commandos themselves, donated two bottles of blood and pooled money for the costly medicines required to save his life. He carried a cash award of Rs. 5,000 on his head.

#### China's Plea

From 1978, for reasons of its own, China has been urging both the groups, especially the NSCN, to forge unity with other rebel groups to entitle them to fresh support. But NSCN is unwilling to take the NFG along. A recent Imphal report suggests that last year the NSCN asked all the other Naga rebel groups to surrender to it. The response obviously has been negative. Their mutual relations have since been marked by periodic clashes. Fresh Chinese support to any of the Naga groups, therefore, appears unlikely.

Whether NSCN has fresh support from China or not, it has emerged as the fountainhead of insurgency in the sensitive border area of north-east India. The Burmese army is said to have stepped up counter-insurgency operations in the north, adding to NSCN's worries. Besides, its activists are getting arrested on the Indian side of the border. There is a trickle of surrenders. As late as September, 1983, 16 NSCN activists, who had surrounded a few villages in Burma to demand food and money at gun-point, were done to death by the villagers. Similarly, the NFG was prevented recently from carrying out recruitment in the Khumengan areas in Nagaland.

Yet there is evidence of continuing recruitment inside and outside India by both the NSCN and the PLA.

The perceptions of the Nagaland and Manipur administrations differ markedly. While in Nagaland the villagers have to pay a price for allowing rebel recruitment in the form of punitive fines, in Manipur such activity, even though noted, continues unchecked.

#### Graft Reportedly Prevalent

Bombay THE TIMES OF INDIA in English 25 Feb 84 p 9

[Article by Sivadas Banerjee]

[Text] Kohima--The Nagaland government is trying to induce a faster rate of development in this secluded state whose abysmal backwardness can be gauged by its negligible annual revenue of Rs. 3 crores.

What about the development that has taken place since the mid-seventies and the huge amount of funds the Centre has pumped in for the purpose? The opposition view is that the benefits of development have not percolated to the villages as the funds are siphoned off mid-way.

Observers here, not excluding a few senior officials, believe the opposition charge. But then the chief minister, Mr. S. C. Jamir's one-year-old Congress government has no magic to root out corruption. In fact, as many here say, the relatively corruption-free days of the administration ended with the Nagaland Nationalist Organisation and National Democratic Front (NDF) governments.

Mr. Jamir vehemently denies the corruption charges made by the leader of the opposition, the Naga National Democratic Party's (NNDP) Mr. Vamuzo. The NNDP was in power before the Congress. Mr. Vamuzo, during his recent interview with this correspondent, gave details of specific cases of corruption. There is an alarming spurt in the smuggling of narcotics across the Burma border and "the golden triangle area" through Nagaland and Manipur. Mr. Jamir brushed aside these charges by saying: "This is only normal for the opposition. They cannot say we are good".

A cynical view of graft here is that if a candidate has to spend as much as Rs. 10 lakhs to induce an electorate of some 6,000 voters to return him to

the assembly, he surely has the right to recover that money and some more for the future.

That corrupt practices are prevalent is implicit in Mr. Jamir's foreword to a state government publication titled "One Year of Congress Government in Office". He regretfully refers to "trade permits given to our Naga youth being sold to others who enjoy palatial business houses" and that "unearned money is making our hard-working, intelligent and forward-looking young men lethargic and sleeping landlords." He laments that loans given to the Nagas for business and industries are not used for the purposes these were taken. By law no such permit can go to a non-Naga.

② A side view of the situation in areas which witnessed insurgency once is that the Centre's bounties started the corruption and that plains businessmen corrupted the Nagas.

Nagaland's own tax revenue is just over Rs. 3 crores. Its 1983-84 budget estimated is Rs. 196.35 crores, of which about 52 per cent is for non-plan expenditure. Its loan repayment liability for the year is Rs. 59.94 crores. Mr. Jamir regrets that the Central assistance was limited to Rs. 56 crores against Rs. 65 crores he had asked for. But then the Union government also gave Nagaland a Rs. 15-crore overdraft. The non-plan expenditure includes such items as free car and servants for certain categories of gazetted officers.

There is no effective challenge to the Congress government. But the chief minister maintains that Mr. Vamuzo and his party continue in their effort to pull him down which the latter denies. The Congress has 36 legislators in a house of 60 and 23 of them are ministers. The immediate post-election tally was: Congress 24, NNDP 24 and Independents 12.

The chief minister has sought to make his ministry as broad-based as possible by giving representation to the various tribes. There are, among others, six Aos, five each of Lothas and Semas, three Koniaks and two Angamis. Many in the Congress and the opposition had links in the past with the underground and not more than two in the PCC leadership can boast of an unbroken association with the party. In Kohima, no one takes a wager on whether the present alignment of forces and the allegiance can be sustained. For instance, Mr. Jamir and his finance minister, Mr. T. A. Ngullie, are not on the best of terms.

It is, therefore, premature to claim that by virtue of one election precariously won by the Congress, the larger segments of the Nagaland population have automatically become part of the national political mainstream. Mr. Vamuzo's reaction to any such Congress assertion is: "Is it that whoever is not with the Congress is out of the national mainstream?" This is a generally shared sentiment and Mr. Vamuzo claims one year of Congress rule has convinced the Nagas that a national party in power is no solution to their problems.

Mr. Vamuzo submitted a memorandum to the Prime Minister in December in this connection. He claims that while emphasising that Mr. Jamir was heading a democratically-elected government, Mrs. Gandhi also gave him the impression that if need arose for a change it could be considered. This claim, however, lacks corroboration by the PCC.

Mr. Jamir claims his party has reached most villages since the last poll, but adds that these units will be activated only for elections. Going by what the others, including some PCC leaders, have to say, Mr. Jamir's claim appears exaggerated.

The ruling party, no doubt, has gained marginally. It just concluded a "mass contact" drive as required under an AICC directive. But Mr. Jamir himself admits to "weaknesses" like "lack of close contact with the people" and the difficulties of accelerated development.

The party's youth wing in particular has suffered a setback with its president and another front-ranker having become ministers. The damage has been compounded by the recent emergence of the Naga students' federation, the militancy of which has forced the chief minister to retrace his steps twice already, including the government's decision to create a new Dimapur district.

#### Restrictions Sought

Mr. Jamir alleges that the NNDP is behind the NSF which, on the eve of the assembly session, pasted posters all over Kohima, demanding fresh restrictions on the issue of inner line permits to outsiders and non-renewal of those already issued. The NSF activists on some occasions even posted themselves at check-posts manned by the police to scrutinise the entry permits of travellers. Mr. Vamuzo disclaims any association with the NSF, which, he says, is only a cultural organisation.

Similar charges are traded by the two parties on their relations with the underground which, during the last election, had publicly asked the people of Mon district to vote for the Congress. Mr. Vamuzo charges the party leaders with passing on funds to the underground. At the same time, he believes the underground has no alternative but to seek a negotiated peace.

Mr. Jamir's view is that insurgency remains dormant. But his administration's concern is how to deal with the pro-underground elements.

Meanwhile, Dimapur has become a symbol of corruption, smuggling and illicit trade. This dusty town of about 50,000 is on the fringe of Nagaland and known to be a liaison centre for almost all the extremist groups operating in north-east India. It has been the gateway of Nagaland and Manipur. Entry into the town is not restricted by inner line permits whereas those intending to go up the hills to Kohima are required to secure such permits.

As a matter of fact, no non-Naga is entitled to possess government licences or permits. Yet, most trade in Dimapur is controlled and operated by

Marwaris and north Indians. This has given rise naturally to a proliferation of black money which is reflected on the buildings coming up in the town. A part of the tainted money is known to be flowing to Nagaland and Manipur politicians.

In recent years, legislators and even ministers from the hills have joined the building spree. In Dimapur, some of the structures are of the latest architectural design and extremely elegant. The reason for this is that affluent Nagas are finding it more and more difficult to continue to live in their villages which have no modern amenities.

Dimapur's growth has been phenomenal in recent years. Crores of rupees are changing hands every now and then. There are allegations that even essential supplies, for the movement of which permits are issued, do not reach Nagaland borders at all.

Every administration is tended to leave Dimapur alone, thanks to its money power. The army has nothing to do in the area normally nor is it encouraged to do any. This is also one of the reasons why the shrewd insurgent leaders have chosen this town as the base of their activities. Another is the uninterrupted flow of funds from the business community which feels obliged to keep everyone on the right side.

The emergence of the Naga Students' Federation has become an irritant for the administration. It has added to the demands usually made on the business community for donations. For example, a businessman has been asked to contribute Rs. one lakh for the NSF building project. The local chamber of commerce knows this but can hardly do anything because the earnings are illegal. They are mainly made from trading permits and licences issued in the names of Nagas.

CSO: 4600/1615

## LOK DAL HOLDS NATIONAL COUNCIL SESSION IN GWALIOR

## Opening Day

Bombay THE TIMES OF INDIA in English 26 Feb 84 p 1

[Article by G. V. Krishnan]

[Text]

GWALIOR, February 25.

**T**HE Lok Dal president Mr. Charan Singh, today reiterated his party's commitment to opposition unity.

Addressing the party's national council session, here being held after three years, he said the present situation in the country was as conducive as it was in 1977 to a united opposition victory in the coming election.

According to him, the "misdeeds" of Mrs. Gandhi seeking "to promote her son and perpetrate a dynastic rule" has given rise to a wave of public resentment against the ruling party more widespread than it was in 1977. He, however, noted that the opposition approach and its viewpoint were not as cohesive as it was at that time.

The chief of the Madhya Pradesh unit, Mr. Ramshankar Singh, in his welcome address, said Mr. Charan Singh was the only leader to give a fresh call for opposition unity in 1980 despite the sad experience earlier.

In his 12-page address to the national council, Mr. Charan Singh cited several instances of the "misdeeds" of the ruling party in support of his claim that the country under Congress rule had lost its sense of direction and national purpose. Stating that the ruling party could not escape responsibility for the events in Punjab and Haryana, the Lok Dal president said the Congress government should either deal with the situation in a firm manner or quit.

Referring to the opposition parties, he said they should rise above the tendency to level allegations and counter-allegations against one another.

## BJP ALLIANCE

Earlier, the Lok Dal executive, at its meeting yesterday and this morning, discussed steps to strengthen the party and issues pertaining to the amendment of the party constitution, provision for membership and modification in the party symbol to give it a more distinctive character.

Regarding its alliance with the BJP, several Lok Dal leaders expressed the view that it was working well. However, the party leadership is believed to be of the view that the involvement of other non-communist parties is essential for forging a viable national alternative to the Congress.

Party sources indicated that such an involvement could even take the shape of a merger of the Lok Dal with other parties. The question of its merger with the BJP was, however, a dead issue. The sources said a merger with other non-communist parties could help the Lok Dal consolidate its position as a constituent of the National Democratic Alliance.

This would become a significant factor when the Lok Dal and the BJP took up the issue of seat adjustments for the poll. The impression among Lok Dal leaders was that it was too early to discuss such an issue with the BJP. In contrast to this some members of the BJP national executive at its meeting in Indore last month had stressed the need for early consultations between the NDA constituents on the seats adjustment to enable the BJP workers to prepare for the poll well in time and also to avert the possibility of the NDA cracking up shortly before the poll on the seats adjustment issue.

The executive yesterday asserted

that Pakistan could not expect to "get away lightly," if it committed any fresh aggression on India.

A resolution adopted at the party executive stated that a nuclear threat from Pakistan no longer remained "a matter of conjecture or a remote possibility."

Reiterating a 1979 statement made by Mr. Charan Singh, when he was Prime Minister, the resolution, entitled "the Pakistan bomb," said if Pakistan resorted to preparations for atomic warfare, India "could not afford to sit idle."

Replying to questions, the Lok Dal spokesman, Mr. S. N. Mishra, emphasised that the intention of his party in adopting the resolution was mainly to stress the need for mobilising world opinion against Pakistan's nuclear intentions. The Lok Dal leader said it was time the government took the people into confidence about information it possessed in regard to Pakistan's nuclear efforts.

PTI adds: The national executive of the Yuva Lok Dal has decided to launch a movement throughout the country on April 15 in protest against the deteriorating law and order situation and the price rise.

## Closing Session

Madras THE HINDU in English 27 Feb 84 p 9

[Text]

GWALIOR, Feb. 26.

A joint call for Opposition unity to end the Congress (I) "misrule" was given here today by the Lok Dal, the BJP President, Mr. A. B. Vajpayee, and the Andhra Pradesh Chief Minister, and Telugu Desam leader, Mr. N. T. Rama Rao.

The Lok Dal National Council, which concluded its two-day session here, adopted a political resolution, unanimously calling on the people to "throw away" the "corrupt" Congress (I) regime. It gave a call to the Opposition parties to unite and pledged the party to make its contribution in this direction.

The need for opposition unity was also underscored by Mr. Vajpayee and Mr. Rama Rao, who addressed the concluding session as special invitees of the Lok Dal President, Mr. Charan Singh.

In a brief address to about 1,000 delegates in his newly-learned Hindi, Mr. Rama Rao spoke of the "deteriorating administration" and "growing corruption" and said this was a "time for our test".

We have to search for an ideal and dedicated "leadership" and unite together to improve the situation, he said.

**Bringing north and south closer:** Mr. Vajpayee said Mr. Rama Rao and Mr. Charan Singh could rebuild the Opposition and bring closer the north and the south in a new national leadership.

In this task, Mr. Vajpayee named the Janata party also and said all should forget whatever had happened in 1979 (breaking up of the erstwhile united Janata party).

Mr. Vajpayee warned the Opposition against attempts by interested parties to prevent Opposition unity and said this (opposition unity) should always be our watchword.

"If we have to defeat the Congress (I), there is no alternative to the Opposition parties coming together", he said.

He, however, cautioned the Opposition parties to learn the "art and science" of working together benefiting from the 1979 experience.

**National alternative:** Referring to the NDA, Mr. Vajpayee said it is our experience that the Lok Dal and the BJP had come closer. But, "we are not coming together only to remove Mrs. Gandhi from power, but also to present the people a sound "national alternative", which should endure, he added.

Mr. Rama Rao said it would be his determined effort to bring together the Opposition parties, including the United Front and the NDA combines, speaking to newsmen here at a luncheon.

Mr. Rama Rao had made a renewed bid to get the Lok Dal-BJP-NDA alliance to attend the Srinagar conclave of Opposition parties, but had not succeeded in his attempt.

The later Calcutta conclave had also not been attended by the NDA partners.

Asked if he had succeeded in bringing the two combines any closer since then, Mr. Rama Rao said there "is nothing that is impossible".

Mr. Charan Singh concurred with his statement.

He denied that the Democratic Socialist party of Mr. H. N. Bahuguna is seeking merger in the Lok Dal.

**Cong. (I) blamed for Punjab tangle:** The Lok Dal demanded that if the Centre is not able to solve the Punjab and Haryana problem, it should resign and hold fresh election on the issue.

The National Council today adopted a resolution which blamed the Congress (I) for the developments in Punjab and Haryana and in Assam.

The resolution appealed to the people of Punjab and Haryana to give up the path of violence and find a peaceful solution. It regretted the loss of innocent lives in these States.

**Land take-over opposed:** The party today opposed the Government take-over of lands of small farmers. It adopted a resolution to this effect, moved by Mrs. Chandravati, party leader from Haryana.

Moving the resolution, Mrs. Chandravati said the Government took over lands from farmers for "public purposes" even if they owned less than five bighas and that formed their only means of livelihood. The Government did not pay adequate compensation either and this added to their unemployment, she added.

**'Invidious' treatment:** The party expressed its hope that the rich countries, particularly the U.S., will take note of India's resentment against "invidious treatment" meted out to it.

The resolution on international affairs drafted by the party's National Executive was approved unanimously by the National Council which noted that from all accounts, India's relations with the U.S. seems to be on "a downward curve".

**Pakistani bomb:** The Council adopted another resolution on the "Pakistani bomb", warning Pakistan that "it must know that if it commits aggression against India once again, it will not be allowed to get away lightly as it did in 1947-48, 1965 and 1971.

**Diplomat's death condoled:** The party expressed its deep sense of shock at the murder of the Indian diplomat, Mr. Mhatre in the U.K. and urged the Government to take "all suitable steps to ensure the security of Indian diplomats".

The party also expressed its sense of sorrow and grief at the death of the Soviet leader Yuri Andropov. — PTI.

## NORTHEAST REBELS REPORTEDLY DRAW UP 'HIT LIST'

Calcutta THE STATESMAN in English 1 Mar 84 p 10

[Text]

SHILLONG Feb. 29.—Following the murder of Yangmascho Shalza, leader of the Manipur People's Party and a former Chief Minister, at Imphal, intelligence sources feel that rebel organizations like the NSCN, the Manipur PLA and the MNF have drawn up their "hit lists" and that the terrorization threat has to be tackled urgently and in a coordinated manner. This calls for inter-State and inter-agency cooperation.

The lists include the names of politicians, administrators, businessmen and others (one-third of the 40-odd names on the NSCN lists have been killed).

The murder of Sardar Gurmukh Singh, a prominent citizen of Dimapur and a member of the NPCC (I) central committee, on February 7 is intriguing. According to a report in a Dimapur weekly, seven people, including a woman, had been arrested for illegal possession of arms, ammunition and explosives and, apparently, not in connexion with the murder.

The NSCN list which is perhaps the largest includes Nagas and Meitais and this proves that there are close links between the Naga and the Manipuri rebels, the latter led by Temba following the capture of Bisheswar Singh and the death of Kunjbehari. Temba, presumed killed by the Burmese forces at one time, is believed to be camping in the Kachin area with a large number of recruits including girls.

The list includes Mowu Angami, a former "commander-in-chief" who

leads a quiet life near Dimapur, Mr J. B. Jasokie, former NNDP Chief Minister, and Mr Vizol, yet another Chief Minister and the architect of "reconciliation". The Manipuris include the Tangkhul Chief Minister, Mr Rishang Keishing, and his Meitai deputy, Mr Tompok Singh. Muivah's targets include those involved in personal feuds.

The NSCN leaders' hatred of those who negotiated the Shillong peace accord led to reports about intended victims. Extraordinary precautions were taken for Mrs Gandhi's visit to Dimapur for the Nagaland Congress session. Nothing happened barring an abortive and amateurish attempt on Ramyo, NFG's "Foreign Minister".

Yangmascho Shalza's murder was calculated. It was committed before the local election. Shalza came in the way of the underground's long term objective, which was to plant "sympathizers" in local bodies and the Assembly. Such considerations can effect the outcome of the coming elections in Mizoram. The ruling People's conference is, however, hopeful of certain balancing factors.

Secondly, the underground or the NSCN favourably placed having killed many Burmese forces a month ago, according to unconfirmed reports. Four villages were razed to the ground for alleged collusion with the Burmese forces. The NSCN, consequently, may have been emboldened to pay more attention to Manipur affairs.

Thirdly, the underground is often financed by overground elements not only to keep them quiet but also to use them to settle their private scores.



## REPORTAGE ON PARLIAMENT'S 29 FEB BUDGET SESSION

## Finance Minister's Budget Speech

Madras THE HINDU in English 1 Mar 84 p 6

[Text] Farm Output Higher

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NEW DELHI, Feb. 29.

The following is the text of the Union Finance Minister's budget speech.

I rise to present the budget for the year 1984-85.

The budget has been formulated against the background of strong recovery in national income and agriculture, and an equally impressive improvement in our balance of payments. These and other developments in the economy have been covered in detail in the economic survey, presented to the House a couple of days ago. I shall therefore be brief in reviewing the current economic situation.

As the House is aware, the country had to go through two years of severe drought and one year of indifferent monsoon during the period 1979-80 to 1982-83. Foodgrains production, which had reached 132 million tonnes in 1978-79, declined to 110 million tonnes in the following year. It recovered to 133 million tonnes in 1981-82 but then declined again to 128 million tonnes in 1982-83 because of another severe drought. The current year has seen a major breakthrough in foodgrains production, and we are not only likely to recover lost ground, but also improve substantially on the previous peak. Foodgrains production in 1983-84 is expected to exceed the target of 142 million tonnes. Agricultural production as a whole is likely to increase by nine per cent over the previous year. Members will agree that this is convincing testimony to the soundness of our agricultural strategy.

Industrial performance shows an improvement over the previous year, but the recovery in industrial production still seems weak. Industrial growth in the current year is likely to be about 4.5 per cent, compared with 3.9 per cent in 1982-83. For the four year period after 1979-80, industrial growth will average slightly more than five per cent. This is well below the potential of the industrial sector. We must aim at a growth rate of seven to eight per cent in industry if we are to maintain a high rate of growth of Gross Domestic Product and provide employment for our growing labour force in the years ahead.

**Income growth**

The national income growth in 1983-84 is likely to be in the range of six to seven per cent. In the four years since the present Government took over, the average growth rate in national income has been about 5.4 per cent which is higher than the rate of growth in the first four years of any previous plan. Per capita income in this period will have risen at an average rate exceeding three per cent. This achievement is all the more noteworthy when viewed against the background of a highly adverse international economic environment, and a severe drought.

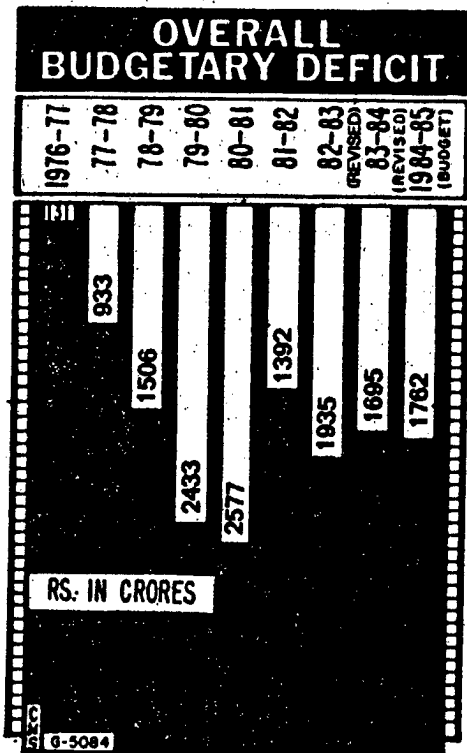
**Inflation accelerates**

The years 1981-82 and 1982-83 were characterised by exceptionally low rates of inflation. The annual rate of inflation which had reached a high of 21.4 per cent in 1979-80 was brought down to 16.7 per cent in 1980-81 and further to only 2.4 per cent at the end of 1981-82. The annual rate of inflation at the end of 1982-83 was 6.2 per cent, which is unusually low for a drought year. But there has been an acceleration in the annual rate of inflation in the current year despite an excellent crop. The initial delay in the arrival of the monsoon and the high liquidity in the economy exerted a pressure on prices in the early part of the year. The favourable effects of a good crop led to a decline in cereal prices after harvesting. However, this was largely offset by sharp increases in prices of a few commodities such as pulses, certain edible oils, rubber, tea and cotton because of both domestic and international factors. As a result, the seasonal dip in prices, which normally occurs towards the end of September, has been weak.

As the House is aware, the Government has taken several measures to minimise the impact of the drought and to contain the price rise. Action was taken to increase procurement, availability, and releases of sensitive commodities such as wheat, sugar, and edible oils through the public distribution systems. Steps were also taken to mop up excess liquidity with the banking system and to curtail Government expenditure. Exports of cotton and CTC teas were restrained in order to increase domestic

availability. Further measures will be taken as required to ensure that there is no repetition of the experience of 1979-80, when prices were allowed to increase by over 21 per cent.

Let me now turn to the external payments situation facing the economy. In my budget speech last year, I had informed the House of the improvement that had taken place in our balance of payments in 1982-83. I am happy to say that this improvement has gained



strength in 1983-84. The trade gap, which declined from Rs. 5800 crores in 1981-82 to about Rs. 5,500 crores in 1982-83, is expected to decline further in the current year. Receipts on invisibles account have remained buoyant and the incentives for non-resident deposits have been highly successful. Our foreign exchange reserves, inclusive of IMF drawings, have increased by Rs. 662 crores in the current financial year up to February 10.

Our strategy for bringing the balance of payments under control, after the sharp deterioration that occurred in 1979-80 has paid rich dividends. In view of the improvement in our payments position, the Government has voluntarily decided not to avail of the balance of 1.1 billion Special Drawing Rights under the extended fund facility of the International Monetary Fund. While intervening in the debate on the IMF loan in this House in December, 1981, the Prime Minister had this to say, and I quote:

"It does not force us to borrow, nor shall we borrow unless it is in the national interest. There is absolutely no question of our accepting any programme which is incompatible with our policy, declared and accepted by Parliament. It is inconceivable that anybody should think that we would accept assistance from any external agency which dictates

terms which are not in consonance with such policies".

This was true then, and it is true now.

## No debt crisis

Belying the prophecies of doom by many a self styled Cassandra, the economy has emerged stronger as a result of the adjustment effort mounted by us. None of the dire consequences that we were being warned about have occurred. We have not cut subsidies. We have not cut wages. We have not compromised on planning. We have not been trapped in a debt crisis. We have not faltered in our commitment to anti-poverty programmes or the welfare of our people. We entered into this loan arrangement with our eyes open. We have come out of it with our heads high.

We hope that our decision to forgo the balance of the amount available to us under the IMF loan would, in a small way, help the IMF to provide greater assistance to other developing countries. I must also take this opportunity to express our appreciation for the goodwill and mutual understanding that has marked our relationship with the IMF during the entire period of the extended finance facility arrangement.

However, there can be no room for complacency. We must persist with the policies that have brought about this favourable outcome. It is necessary to work even harder to save imports in critical areas and to increase exports. Our exports, net of oil, in the first seven months of 1983-84, increased by 9.9 per cent. This is a reasonable performance considering that world trade has been stagnant for quite some time. We would need to do even better in the future in order to meet the essential import requirements of a growing economy, and to keep the debt service ratio at a manageable level.

The Government has taken several steps in the last four years to mobilise resources for public sector investment and to increase the rate of public savings for financing the Plan. Apart from adjustment of the tax rates, the fiscal instrument has been used to provide stronger incentives for savings in the form of financial assets. Interest rates on deposits were also revised upwards with the same objective in view. These policies have been highly successful and the inflow of funds in small savings as well as time deposits has exceeded expectations. An important task of fiscal policy in the years ahead is to strengthen this trend.

## Tax evaders warned

In considering the strategy for resource mobilisation we have to recognise that while our tax rates are relatively high, the tax base is narrow. The evils of black money and tax evasion also have to be reckoned with. The Government is fully committed to come down heavily on tax evaders. At the same time, we must ensure that, as far as possible, the tax system itself does not become a source of encouragement for evasion. Simplification and rationalisation of the tax system must therefore remain important objectives of our fiscal policy.

The Central public sector enterprises had shown a net profit of Rs. 618 crores in 1982-83. Although a large number of public sector enterprises have continued to show profits in 1983-84, their overall performance has been below expectations. The erosion of profitability was largely due to losses incurred in a few sectors, such as steel and coal. The Government has taken steps to improve their functioning. We must ensure that capital is used more efficiently so that larger resources are available for future expansion.

## Sick Units Revived

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In order to fulfil our social commitments and protect jobs, the Government had to take over a large number of sick units and sustain them through injection of fresh resources. While some of them have turned the corner, a large number of them continue to incur losses. The time has come to undertake a careful review of the performance of sick units in the public sector with a view to reducing the drain on our resources. This the Government proposes to do. Economic viability must be the principal test for the survival of an enterprise.

### Temporary scheme

The growth of deposits with the banking system in the current year has substantially exceeded their requirements of funds for credit expansion. This has, in the short run, resulted in some excess liquidity with the banking system. In this situation, and in order to mobilise some resources for public investment, it is considered desirable to introduce another financial instrument with broadly the same characteristics as long term time deposits with banks. Under the scheme, which will be called the "national deposit scheme", certificates of deposits with a maturity of four years can be purchased from designated outlets. The investor will have the option to encash these deposits any time after one year. The interest rate will be 10.5 per cent if these deposits are held for four years, and 10, nine and seven per cent if these are held for three, two and one years respectively. Interest from these deposits will be eligible for tax exemption up to the full limit of Rs. 10,000 under section 80 L of the Income Tax Act. The target of receipts under this scheme is Rs. 500 crores over a period of time. I should clarify that this is a temporary scheme and will be discontinued after this target is reached or earlier, if monetary developments so warrant.

### Changes in 'convertibility clause'

Pursuant to the recommendations of the high level committee on financial institutions set up by the Government last year, it has been decided to make certain changes in the "convertibility clause". In view of the increases in capital costs of projects and the investment limit for the delicensed sector, the threshold for exemption from convertibility clause is being raised from the existing level of Rs. 1 crore to Rs. 5 crores.

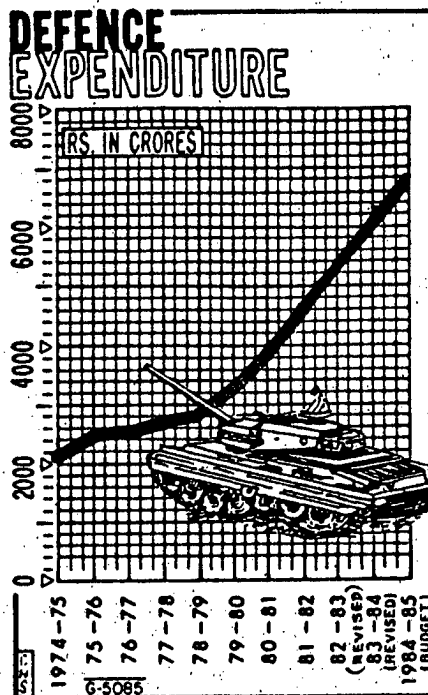
Further, in the case of non-MRTP companies, convertibility clause will not be stipulated where the holding of equity by all financial institutions in such a company exceeds 26 per cent. In the case of MRTP companies/large houses, however, the existing limit of 40 per cent will continue. In order to encourage investment in "no industry" districts there will be complete exemption from convertibility clause in respect of units proposed to be located in these districts. The functioning of nominee-directors of institutions on the boards of assisted companies is also being revamped. Detailed guidelines on these and other related aspects are being issued separately.

### IDBI interest lowered

The Industrial Development Bank of India has been providing liberal financing facilities for modernisation of industry. The IDBI's scheme for this purpose was

recently extended to all industrial units and assistance under this scheme up to Rs. 4 crores is being provided at a concessional rate of interest of 12.5 per cent. In order to reduce financing costs of modernisation schemes, it has been decided that the rate of interest under the IDBI scheme for loans up to Rs. 4 crores will be reduced to 11.5 per cent until further notice. Weak units will be provided assistance up to this amount at an even lower rate of interest of 10 per cent.

As the House is aware, the Government has been giving consideration to the desirability of a change in the financial year. As I informed the House last year, I invited the views of the State Governments on this proposal. The response has been generally favourable. In order to examine suggestions received from State Governments as well as trade and industry, and to work out the modalities for effecting a change in the financial year, I propose to set up an expert committee, which would include representatives of



Central Government, State Governments, Reserve Bank of India, Comptroller and Auditor General and some non-official members. This committee will be requested to submit its report by the end of September 1984.

I shall now turn to the revised estimates for 1983-84 and the budget estimates for 1984-85.

### Revised estimates

The House will recall that the Central sector plan outlay for 1983-84 was fixed at Rs. 13,870 crores. This was to be financed to the extent of Rs. 8,390 crores from the budget and Rs. 5,480 crores through the internal and extra-budgetary resources of the public sector enterprises. Despite erosion in the internal resources of certain public sector enterprises, it has been my endeavour to ensure that the total plan outlay during the year is not adversely affected. The

Central plan outlay in 1983-84 is now estimated at Rs. 14,059 crores. This has been made possible by an increase in the budgetary support by Rs. 1,007 crores over the budget estimates.

## More funds for Vizag steel plant

Budgetary support for the Posts and Telegraphs plan has been increased by Rs. 203 crores. The Railway plan outlay has been stepped up by Rs. 100 crores with an additional budgetary support of Rs. 54 crores. In the transport and communications sectors, I have provided additional funds for space projects like INSAT, and extension of television coverage. To maintain the progress of the Visakhapatnam steel plant, the budget provision has been augmented by Rs. 250 crores. For chemicals and fertilizers, the enhanced allocation of Rs. 133 crores is largely due to the fall in internal resources and change in the pattern of financing. In the energy sector, coal projects get additional funds of Rs. 30 crores to expedite on-going projects. To improve the capital base of IDBI, a special provision of Rs. 130 crores has been made. A sum of Rs. 100 crores has been set apart for the new Rural Landless Employment Guarantee Programme launched during the current year. I have also increased the provision for welfare of Scheduled Castes/Tribes and Backward Classes and important social sectors like Health and Family Welfare.

## Relief for Assam riot victims

The Central assistance for States and Union Territories' plans has been increased by Rs. 392 crores from Rs. 4,462 crores to Rs. 4,854 crores. This includes advance plan assistance of Rs. 190 crores to States affected by failure of monsoon particularly in the first half of the current year. Additional plan assistance of Rs. 82 crores has been provided to the State of Assam, a large part of which is for relief and rehabilitation of the riot victims in that State.

Utmost care has been taken to contain the non-plan expenditure. There were however certain unavoidable commitments. Additional provision of Rs. 400 crores has been made for ways and means

advances to State Governments and technical credits under rupee-trade agreements. The short-term loans to States for agricultural inputs have been stepped up by Rs. 110 crores. There is an increase of Rs. 300 crores in loans to State Governments, as their share of small savings will be higher on account of higher collections. The second half of the current year witnessed floods, cyclones and hailstorm in as many as 15 States. An additional non-plan grant of Rs. 150 crores has been provided for the relief of distress on account of these calamities.

Further, I am providing additional non-plan assistance amounting to Rs. 500 crores to States. I shall refer to this later while dealing with the State plan outlay for next year. Out of this loan of Rs. 500 crores, an amount of Rs. 400 crores would help the States to clear part of their deficits of 1982-83.

## Defence gets more

The provision for Defence has been increased from Rs. 5,971 crores to Rs. 6,350 crores in the revised estimates. The interim relief and bonus sanctioned to Government employees in the current year is estimated to cost about Rs. 280 crores in respect of all the departments of the Government. Subsidies on imported and domestic fertilizers will go up by Rs. 250 crores to Rs. 1,048 crores as the consumer price of fertilizers was reduced in June 1983. During the current year, because of financial difficulties, certain public sector undertakings, particularly Heavy Engineering Corporation, National Textile Corporation and Delhi Transport Corporation, will be requiring larger non-plan assistance than provided in the budget estimates. It has also been decided to extend the subsidy scheme for Calcutta port and Haldia channel dredging up to the end of next year.

Revised estimates also include additional provision of Rs. 502 crores for subscription towards our higher quota in the IMF. This, however, will have no net impact on the budget as payments for quota subscriptions are matched by corresponding receipts. Taking these and other variations into account, the non-plan expenditure in the revised estimates is placed at Rs. 24,773 crores against the budget estimates of Rs. 21,984 crores.

## Central Tax Revenue

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Coming to receipts, the budget estimates of receipts from Income Tax and Customs duties are likely to be achieved. Corporation Tax receipts will be higher by Rs. 203 crores due to larger payments by oil companies.

Union excise duties are also estimated to be Rs. 85 crores higher mainly due to larger collection of cesses on crude oil and coal. The Centre's tax revenue, after paying the States' share of taxes, is estimated at Rs. 15,700 crores as against the budget estimates of Rs. 15,460 crores.

Under non-tax revenues, the dividend from Railways is likely to be Rs. 127 crores less than the budget estimates. This decrease will, however, be more than offset by increases under other heads and the total non-tax revenue in the current year is expected to show an improvement of Rs. 130 crores over the budget estimates.

Under capital receipts, I am happy to inform the House that the net collections under small savings during the current year may amount to Rs. 2,200 crores against the budget estimate of Rs. 1,700 crores. This is a welcome response to the incentives

provided for small savings in the current year's budget. The repayment of technical credits is expected to be Rs. 1,150 crores as against Rs. 800 crores assumed in the budget. The receipt, net of outgo, will be Rs. 350 crores against the budget estimates of Rs. 200 crores.

The receipts from special deposits of non-Government provident funds and the like are estimated to be Rs. 190 crores higher than the budget estimates. Taking into account the deposits of surplus funds of the oil sector, additional recoveries of ways and means and short-term advances to the State Governments and other variations, capital receipts in the current year are estimated at Rs. 15,965 crores as against the budget estimates of Rs. 12,656 crores.

The total receipts are thus estimated to go up from Rs. 33,250 crores to Rs. 36,929 crores. This will leave a budgetary deficit of Rs. 1,695 crores for the current year as against the budget estimates of Rs. 1,586 crores. This excludes the special loan assistance of Rs. 400 crores provided to States for clearing their overdrafts at the end of the previous year, 1982-83. I am sure the House will agree that despite unavoidable budgetary pressures, we have been able to keep deficit within prudent limits.

## Estimates for 1984-85

Members will recall that when our Government took office in January 1980, an important task before us was to revitalise the Planning process and to give a new thrust to the programmes of development. I am happy to say that, in the last four years, we have been able to achieve an unprecedented increase in the tempo of public investment.

For 1984-85, the approved plan outlay of the Centre, States and Union Territories will be Rs. 30,132 crores as compared to Rs. 25,480 crores in 1983-84. The Central plan outlay for 1984-85 is Rs. 17,351 crores, which represents a step up of 25 per cent over the approved plan outlay of Rs. 13,870 crores in 1983-84.

The plan outlay for the States and Union Territories is placed at Rs. 12,781 crores as compared with the final approved outlay of Rs. 11,678 crores in 1983-84. Central assistance for the plans of States and Union Territories will be Rs. 5050 crores as against Rs. 4462 crores in 1983-84 budget estimates, representing an increase of 13.2 per cent over the allocation made, for the current year.

## Varied picture

Within this aggregate, plans of individual States show a varied picture. Some States have managed their finances well, they have been able to raise additional resources and effectively utilise these to implement adequately sized plans, providing development and growth to their people. Unfortunately, some States, for reasons of their own, have used their resources for various other purposes. They have not invested their resources, including additional resources mobilised, for development and have also resorted to large overdrafts from Reserve Bank.

With a view to assisting even such States, various facilities and opportunities were provided from time to time. At the beginning of the Sixth Plan itself, recovery of outstanding advance assistance amounting to Rs. 1412 crores was postponed. This was done to enable States to start with a clean slate. However, State overdrafts again grew and in June 1982, I decided to clear States' closing deficits of the previous year with a medium term loan of Rs. 1743 crores. RBI also doubled the ways and means limits available to the States. Again last year, while presenting the budget, I announced an increased level of Central assistance. All these measures were taken primarily to assist States to readjust their financial affairs and to be able to implement State plans of adequate size.

Unfortunately, despite these measures, some States continued to rely heavily on overdrafts even after March 1982. Their proposed deficits at the end of March 1984 would have harshly affected their plan sizes if these deficits were adjusted against next year's plan as per normal practice. In considering the ways of overcoming this problem, I have found myself in a predicament. On the one hand, no Finance Minister of the country, can remain unconcerned about the size of a State's plan. On the other hand, if assistance is extended to defaulting States, the well-managed States can legitimately complain that they have not got their just rewards from the Centre for their better performance.

## Anti-poverty programmes

In the past few weeks, discussions were again held with the Chief Ministers of States whose overdrafts were high. Several State Governments have agreed to take the necessary measures to improve their financial position and to reduce their reliance on overdrafts. On my part, I have agreed to take further steps to provide additional assistance to States in order to protect their plans as far as possible. In doing so, I have been particularly conscious of the need to keep up the momentum of anti-poverty programmes.

Central assistance is also being further increased. With this, the aggregate assistance during the Plan period will amount to Rs. 17,790 crores as against Rs. 15,350 crores envisaged in the plan document. Further, as I mentioned earlier, I have made an additional provision of Rs. 500 crores in the revised estimates for 1983-84. This special assistance would enable these States to clear part of their overdrafts with the RBI. States have also been informed that the closing deficits, up to the permissible ways and means limits from the RBI, will not be adjusted from next year's plan resources.

For those States who have managed their finances well, I am working out a suitable scheme to provide some additional assistance to them in 1984-85. This is only just and appropriate.

Mr. Speaker, Sir, I am sure that the House will agree with me that, despite severe resource constraints of its own the Central Government has done the maximum that it can to solve the States' problems. The rest, however, is up to them.

Altogether, in the Sixth Plan period, the public sector plan at current prices will be over Rs. 110,000 crores. This compares with Plan expenditure of Rs. 46,700 crores in the preceding five years, which, of course, include three years of "non-plan" launched by the previous Government. In real terms too, the Sixth Plan will constitute a massive increase over the outlays provided for in any previous plan. This, Mr. Speaker, is the measure of achievement of this Government in accelerating the pace of development in the current plan period.

## Rural welfare schemes

In the last four years, the present Government introduced a number of schemes for the benefit of the weaker sections of society, particularly in the rural areas. These include the Integrated Rural Development Programme, the National Rural Employment Programme and the two new programmes announced by the Prime Minister on August 15, 1983, namely, the Rural Landless Employment Guarantee Programme and the scheme for providing self-employment opportunities to the educated unemployed. Each of these programmes is designed to create opportunities for employment and income generation for particular target groups, while also creating productive assets.

In formulating the next year's plan we have provided the maximum support to these and other programmes that benefit the rural poor directly. The total allocation for various programmes of the Ministry of Rural Development would be Rs. 932 crores, which is nearly double the amount of Rs. 480 crores provided in 1983-84. For the IRDP, an allocation of Rs. 216 crores is being provided, which is to be matched by the States. The number of beneficiaries under the programme in 1984-85 is estimated at over three million. For the NREP, the outlay for 1984-85 is Rs. 230 crores, which will again be matched by the States.

The allocation for Rural Landless Employment Guarantee Programme, which seeks to provide employment for 100 days in a year to at least one member of every rural landless family, is being stepped up to Rs. 400 crores in 1984-85 as against a provision of Rs. 100 crores in 1983-84. This, together with the NREP, will provide 550 million man-days of work in rural areas in 1984-85. An allocation of Rs. 25 crores is being made for the programme for providing self-employment opportunities to the educated unemployed. As the House is aware, the budgetary provision under this programme will be used as capital subsidy against loans to be given by banks. I may add that for these two new programmes, depending on the progress of expenditure, more funds will be provided during the course of the year as necessary.

In the plan for 1984-85, Rs. 243 crores have been earmarked for the Accelerated Rural Water Supply Programme. The States on their part are expected to provide Rs. 364 crores for this purpose under the minimum needs programme. Over 50,000 problem villages are expected to be provided with drinking water facilities during 1984-85.

## Children's welfare

The programme for integrated child development services is an important part of our efforts to help women and children in the backward areas, urban slums and tribal areas of our country. This programme is already in operation in 820 blocks. By the end of 1984, the scheme will become fully operational in all 1000 identified blocks. A provision of Rs. 36 crores has been made for this scheme. A total

allocation of Rs. 78 crores is being provided for various schemes of the Department of Social Welfare in 1984-85.

The provision in the Central plan for the various programmes benefiting the Scheduled Castes and Scheduled Tribes and other Backward Classes has been increased to Rs. 209 crores in 1984-85 compared to Rs. 176 crores only in 1983-84. Plan outlay for the programmes in education and culture has been substantially stepped up to Rs. 204 crores in 1984-85 as against Rs. 155 crores in 1983-84. Likewise the plan outlay for Health and Family Welfare programmes has also been stepped up by nearly 32 per cent from Rs. 460 crores in 1983-84 to Rs. 605 crores in 1984-85. The family welfare programmes will cover an additional 20 million persons.

## Success of Policies



These and other socio-economic priorities of the Government are reflected in the 20-point programme which is being vigorously implemented. The total amount allocated to the programme in the Central plan is

Rs. 4,038 crores, which is an increase of about 47 per cent over the current year's provision. Inclusive of the outlay to be provided by the States and Union Territories, the total provision for the 20-point programme will be Rs. 11,858 crores, representing nearly 40 per cent of the total annual plan outlay of the Centre, States and Union Territories.

## Progress in farm sector

An important source of strength for the economy has been the tremendous strides made in the agricultural sector. The next year's plan will continue the high priority given by the present Government to the development of this sector. Thus the total outlay for the various programmes of the Ministry of Agriculture will be Rs. 758 crores compared to Rs. 556 crores in the current financial year. The outlay includes Rs. 38 crores for the National Oilseeds Development Project which together with the on-going programmes, visualises an additional production of 9.4 lakh tonnes during 1984-85 itself.

## Coal production target

To further strengthen the country's infra-structure, higher allocations are being provided for power, coal, Railways and ports. The total provision for various power projects adds to Rs. 1,764 crores, which represents a 44 per cent increase over 1983-84. The allocation for projects of the Department of Coal is Rs. 1,310 crores as against Rs. 1,076 crores in 1983-84, and the target for coal production is 152 million tonnes in 1984-85. The provision for the Railways in 1984-85 is Rs. 1,650 crores which is 23 per cent higher than in the current year. It is expected that the revenue earning traffic to be carried by the Railways will increase to 245 million tonnes in 1984-85. An allocation of Rs. 201 crores is being made for the development of ports, including Rs. 27 crores for the deepening of the Madras Harbour.

An outlay of Rs. 3,127 crores is being provided for petroleum. This includes a sum of Rs. 2,685 crores for the programmes of exploration and production, and Rs. 443 crores for the various schemes of refining and marketing. The target for production of crude oil in 1984-85 is about 30 million tonnes. A provision of Rs. 200 crores is also being made for a gas pipeline project for supply of Bassein gas to new fertilizer pro-

jects to be set up at Byasapur (MP), Jagdishpur (UP), Aonla (UP), Babrala (UP), Shahjahanpur (UP) and Sawai Madhopur (Rajasthan).

Higher allocations have been provided for steel, non-ferrous metals, paper, cement and several other sectors, which are important for country's industrial development. I would also like to draw the attention of the House to the programmes for the development of science and technology, conservation of natural resources, and improvement of the environment in the plan for 1984-85. The successful positioning of INSAT-1B in a geocentric orbit in August last, testifies to the excellent work done by our scientists, engineers and technicians. It is also a matter of pride to us that India has joined a select group of countries, which have permanent scientific stations in the Antarctica. India has also achieved the distinction of being the only developing country to be given the status of "pioneer investor" by the Convention on the Law of the Sea, giving us the right to exploit the mineral resources of the deep seabeds.

## Incentives to continue

Finally, I should mention that the incentive schemes for better performance in selected areas, initiated in 1983-84, will continue in 1984-85 also. As the House is aware these schemes are designed to improve the functioning of the electricity boards, and provide further impetus to the programmes for small and marginal farmers, rural water supply schemes, environmental improvement in urban slums, construction of field channels in command area development projects, and adult education for women and elementary education for girls. A lumpsum provision of Rs. 200 crores is being made for this purpose. Let the members take me to be a magician, who can do so much with so little, I hasten to clarify that the incentive scheme is designed to provide additional resources linked to performance for specified schemes. There are, of course, also separate substantial allocations for each of these schemes.

I have only briefly touched upon the main priorities and objectives of the annual plan for 1984-85. Further details are available in the budget documents.

In order to provide the maximum possible outlay for the Plan, I have taken special care to ensure that non-Plan expenditure is kept at the minimum. However, certain increases are necessary and unavoidable. I should also add that the estimates of receipts from and payments to State Governments take into account the recommendations contained in the interim report of the Eighth Finance Commission. I have already kept the House informed of this. The final report of the Commission is now expected by

the end of the April, 1984.

I have provided Rs. 6,800 crores for Defence expenditure next year against the revised estimates of Rs. 6,350 crores. I am sure the House will agree that the requirements for Defence have to be met fully to protect the security of the country. Interest payments next year are estimated at Rs. 5,600 crores against Rs. 4,850 crores in the current year. The borrowings are largely for financing our developmental efforts, and the increase is due to the success of our policies for mobilising savings. A provision of Rs. 850 crores has been made for food subsidy. The requirement for subsidy on indigenous and imported fertilizers is placed at Rs. 1,080 crores. Export promotion and market development have been allocated Rs. 530 crores.

A lumpsum provision of Rs. 300 crores has been made in 1984-85 for payment of additional instalment of dearness allowance, pensionary relief, etc. to Central Government employees. Including these and, *inter alia* provisions which are in the nature of adjustment, total non-plan expenditure in 1984-85 is estimated at Rs. 26,066 crores against Rs. 24,773 crores in revised estimates for 1983-84.

Turning to receipts in 1984-85 the gross tax revenues at existing levels of taxation are estimated at Rs. 22,993 crores compared with Rs. 20,946 crores in the revised estimates. The State's share of taxes in 1984-85 is estimated at Rs. 5,739 crores as against

Rs. 5,246 crores in the current year, which is an increase of nearly Rs. 500 crores. The net tax revenues of the Centre will thus be Rs. 17,254 crores compared with Rs. 15,700 crores in the current year. The dividend from Railways and Posts and Telegraphs will be higher by Rs. 106 crores than the revised estimates for 1983-84. Interest receipts and repayment of loans by public sector undertakings and State Governments will also be higher.

Receipts from market loans are placed at Rs. 4,100 crores against Rs. 4,000 crores in the current year. Small savings collections are estimated at Rs. 2,400 crores against Rs. 2,200 crores in the current year. External assistance net of repayments is estimated at Rs. 2,089 crores compared with Rs. 1,902 crores. Next year's budget also includes a receipt of Rs. 200 crores from the national deposit scheme to which I have referred in the earlier part of my speech.

### Total expenditure

Taking into account these and other variations in receipts, the total receipts in 1984-85 are estimated at Rs. 40,501 crores. These receipts include the effect of the changes in fare and freight rates of the Railways. The total expenditure is placed at Rs. 42,536 crores. The overall budgetary gap at existing rates of taxation will thus be Rs. 2,035 crores.

I have taxed the patience of the House enough. Let me now turn to other tax proposals.

## Finance Minister's Tax Speech

Madras THE HINDU in English 1 Mar 84 p 7

[Text] Income Tax Reduced

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New Delhi, Feb. 29--The following is the text of the tax proposals announced by the Finance Minister in his budget speech:

In framing these proposals I have tried to take into account the realities of the economic situation to which I referred the beginning of my speech. While doing so I hope I have not been entirely unmindful of a certain forthcoming event which is of importance to all of us in this Parliament.

Mr. Speaker, sir, my first proposal relates to the non-corporate income tax sector. I propose to revise substantially the entire rate of structure relating to personal taxation. The present rate of tax in the first slab of taxable income ranging from Rs. 15,001 to Rs. 20,000 is 25 per cent. The House will recall that this rate was brought down last year from the then prevailing level of 30 per cent. I now propose to reduce this rate further to 20 per cent. Relief has been allowed at all income levels above Rs. 20,000 also.

The maximum marginal rate of tax on incomes over Rs. 1 lakh is being reduced from 60 per cent to 55 per cent. The new rates in some illustrative slabs will be as follows: In the income slab of Rs. 25,001 to Rs. 30,000, the new rate will be 30 per cent as against 35 per cent at present; in the income slab of Rs. 50,001 to Rs. 60,000, the new rate will be 45 per cent as against 50 per cent at present; and in the income slab of Rs. 70,001 to Rs. 80,000 the new rate will be 50 per cent as against 55 per cent at present.

The above proposal will provide relief at all levels of incomes. Taken with the increase in the standard deduction introduced last year, I expect this measure will provide substantial relief in particular to the fixed income groups. The revised tax schedule will provide a relief in tax of Rs. 281 to a taxpayer with an income of Rs. 20,000, which is 20 per cent of the tax payable by him earlier. For an income level of Rs. 30,000, the relief will be Rs. 844 or 16.67 per cent of the tax payable under the old structure, and at the income level of Rs. 50,000, this relief will be 10 per cent of the tax payable.

#### **Covering Revenue Loss**

The loss of revenue in the proposed rate schedule, assuming no change in the number of taxpayers and the assessed incomes in different income slabs, is calculated at Rs. 180 crores. However, lowering the tax rates should normally be expected to lead to an increase in the coverage of taxpayers in different tax slabs and also better tax compliance. Taking these factors into account, I have assumed a net revenue loss of Rs. 59 crores only. This loss is entirely attributable to the tax relief provided to the fixed income groups. As far as business and professional incomes are concerned, I have assumed that the reduction in the rates will encourage better compliance and reporting and that this will partly cover the revenue loss.

This proposal, Mr. Speaker, in a way continues the tax rationalisation programme that was started by my party in 1974, carried forward in 1976 and further reinforced after we came back to power in 1980. The present tax structure has also been brought down to a level which I regard as realistic and entirely appropriate. I hope this measure will have a salutary effect on our tax culture and will induce the maximum number of taxpayers to come forward and voluntarily declare their true incomes.

At the same time, it is necessary to simplify tax administration and make it more responsive to the needs of the taxpayers. One essential feature would be the effort to complete assessments within the shortest possible time. As the Hon'ble members are aware, the scope of the summary assessment scheme covers incomes up to Rs. 1 lakh. Only a percentage of cases with incomes in this range is being scrutinised, the selection of such cases being on a random sampling basis. The target for 1983-84 is to complete 85 per cent of the summary assessments workload. I have instructed the Income Tax Department to further speed up the assessments.

#### **Property acquisition**

For some years, the Income Tax Act has contained provisions empowering the Central Government to acquire immovable property having a fair market value exceeding Rs. 25,000. This power is exercisable in situations where the declared consideration for transfer of the property is less than the fair market value of the property. To eliminate unproductive work in handling a large number of relatively small value cases and also taking into account the rise in market prices I have modified the provision to say that this power will be exercised only in cases where the fair market value exceeds Rs. 50,000. As a further simplification it is being provided that the prescribed

statement will have to be filed before the registering officer only in cases where the value of consideration for the transfer exceeds Rs. 25,000 as against Rs. 10,000 at present.

#### **Compulsory audit**

With the reduction in rates and expeditious disposal of assessments, I believe there can now be no excuse for any leniency to be shown to those who abuse our laws. Such cases will necessarily have to be dealt with severely. In order to discourage tax avoidance and tax evasion, I am also introducing



## Comparative I.T. rates

Income slab (Rs.)	Existing rates (percentage)	Proposed rates
Upto 15,000	Nil	Nil
15,001-20,000	25	20
20,001-25,000	30	25
25,001-30,000	35	30
30,001-40,000	40	35
40,001-50,000	40	40
50,001-60,000	50	45
60,001-70,000	52.5	45
70,001-85,000	55	50
85,001-1,00,000	57.5	50
Over 1,00,000	60	55

some further measures. In all cases where the annual turnover exceeds Rs. 20 lakhs or where the gross receipts from a profession exceed Rs. 10 lakhs, I am providing for a compulsory audit of accounts. This is intended to ensure that the books of account and other records are properly maintained and faithfully reflect the true income of the taxpayer. I am also proposing that loans or deposits of Rs. 10,000 or more shall be taken or accepted only by crossed cheque or bank draft.

I find that the existing provisions of the Income Tax Act provide that no suit to enforce any right relating to any property held benami can be instituted in any court by a person claiming to be the legal owner unless he has declared the income from such property in any return of income or the value of such property in any return of net wealth or furnished a notice in this behalf in the prescribed form to the Income Tax Officer. Such return or notice can at present be given at any time before the suit is filed. With a view to curbing the practice of benami holding of property I am proposing that it will henceforth be obligatory in all cases to give notice to the Commissioner of Income Tax in the prescribed form within one year of the acquisition of the property. This amendment will enable the department to initiate appropriate action in respect of such benami acquisition of property well before the limitation for such action expires.

Having dealt with the non-corporate sector, I now turn my attention to the corporate sector. The tax rates for this sector are not being changed. I am, however, providing one facility. Last year, while raising the surcharge payable by companies from 2.5 per cent to five per cent, I had given companies the option to make deposits of the additional surcharge with the Industrial Development Bank of India. I am now further providing that companies can henceforth exercise this option in respect of the entire amount of the surcharge payable by them. These resources will flow back to the corporate sector and will be available for modernisation. In the earlier part of my speech, I have already referred to the decision to reduce the interest rates on loans up to Rs. 4 crores being extended by the IDBI under the soft loan schemes.

Representations had been received from various quarters that the ceiling on the deductible amount of managerial remuneration as contained in the Income Tax Act is low and should be raised. I am glad to inform the House that having regard to the changes in the managerial remuneration introduced by the Department of Company Affairs, I am also raising the ceiling limits for managerial salaries from Rs. 5,000 to Rs. 7,500 a month. The ceiling in respect of perquisites will however remain unchanged.

## Concession to tea growers

Some relaxations are also being provided to those engaged in the business of growing and manufacturing tea. The existing provisions provide exemption from tax only in respect of subsidy received for replantation or replacement of tea bushes. I am extending this tax exemption to cover subsidy received for other approved schemes relating to rejuvenation and consolidation of areas. I hope this measure will further lend support to our scheme for increasing production of tea.

## Tax deduction exemption to small investors

My next proposal, I believe, will be welcomed by a large number of people. Investors now can receive dividends and interest on debentures without deduction of tax at source if they furnish an exemption certificate from the Income Tax Officer or alternatively file a declaration to the effect that their income for the year is below the exemption limit. To reduce paper work and avoid inconvenience to small investors, I propose to provide that widely-held companies may henceforth pay interest on debentures and dividend income up to Rs. 1,000 without deduction of tax at source provided the payment is made by an account payee cheque or a bank draft.

## Tax on defaulting trusts

Mr. Speaker, Sir, I notice that certain provisions of tax laws are being misused by a section of the taxpayers. I had occasion last year to deal at some length with taxation of charitable and religious trusts and institutions. I find that some of these trusts and institutions are trying to circumvent the investment pattern for trust funds laid down by the Finance Act 1983. It is necessary to ensure that all such trusts and institutions strictly conform to the prescribed investment pattern and that such income or property is not used for providing benefit to the settlors, trustees, etc. I therefore propose to provide for taxation of the income of defaulting trusts and institutions at the maximum marginal rate of income tax.

While on this subject, I would like to refer to a tendency noticed to create trusts which carry on business. To curb such practice, I propose to provide that where such trusts have profits and gains of business, the entire income of the trust will be charged to tax at the maximum marginal rate, an exception being made only in cases where the trust is created by will for dependent relatives.

## Curb on Contributions

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Another undesirable practice noticed is the tendency of some corporate bodies to make large contributions to the so-called welfare funds. I further understand that utilisation of these funds is discretionary and subject to no discipline. I am therefore providing that deductions will be available only in respect of contributions to such funds as are established under statute or an approved provident fund, superannuation fund or gratuity fund. I am making this change with retrospective effect to avoid unnecessary litigation.

Last year, I liberalised the scheme related to export turnover. I propose to continue it and watch its operation for a longer period of time.

Last year, I had also referred to a large variety of exemptions and deductions that had been built into our tax system over time. While each deduction by itself may have its own merits, the aggregate effect was to complicate the tax administration and to provide loopholes for tax avoidance or tax evasion as also for litigation. I had therefore initiated a process of review and, where necessary, doing away with concessions which had outlived their utility. I intend to carry this process further.

## Weighted deductions on expenditure go

Our experience has shown that an expenditure-related concession leads to a tendency to inflate expenditure and hence it should have no place in our tax system. Therefore I propose to withdraw all weighted deductions as are available under the different provisions. The expenditure actually incurred will, of course, continue to qualify for deduction. Only the benefit of weightage will no longer be available.

I am also withdrawing the exemptions available under Sections 33B, 35C, 80, 80D and 80E of the Income Tax Act. These deductions, notwithstanding their apparent laudable objectives, have either been open to misuse or have benefited only a few. The revenue involved is marginal. I am also reducing the quantum of exemption available under Sections 80 M, 80N and 80O.

## Wealth tax concessions

Now, I intend to announce a few concessions in respect of the Wealth Tax Act. Hon'ble members, I am sure, will be happy to hear that the monetary ceiling of exemption in respect of one house owned by a taxpayer is being increased from the present level of Rs. 1 lakh to Rs. 2 lakhs. This is being done to take into account the increase in market value. I am also proposing to raise the exemption limit in respect of specified financial assets from the present level of Rs. 1.65,000 to Rs. 2.65,000. Together with the separate exemption of Rs. 35,000 available in respect of units of the Unit Trust of India and proposed to be extended to deposits under the National Deposit Scheme, the aggregate exemption in respect of the value of specified financial assets will rise to Rs. 3 lakhs from the present Rs. 2 lakhs. Hon'ble members would recall that in the earlier part of my speech, I had referred to the success in mobilising savings in the form of financial assets. I hope that this change will give further impetus to it.

The other changes proposed by me in respect of direct taxes are of relatively minor nature and I would not like to take the valuable time of this House by elaborating them.

## Tariff adjustments

After adjustment of the gain to revenue on account of withdrawal of modification of certain concessions, my proposal in regard to income tax will lead to a net loss of Rs. 75 crores, of which the loss to the Centre would be Rs. 36.32 crores and the loss of the States would be Rs. 38.68 crores.

Mr. Speaker, Sir, I shall now deal with my proposals in the area of indirect taxes. Here my main objective has been to provide further impetus to the growth of Indian industry through tariff adjustments and substantial relief in excise duties in carefully selected areas. I have also kept in view the need to reduce the prices of certain items for consumers and contain the rate of inflation in the economy. I am sure the Hon'ble members will not grudge if in doing so I have also taken a little care of Government revenues.

## Auxiliary customs duty hike

My principal proposal relating to customs duties is with regard to auxiliary duty of customs. The levy imposed on an annual basis since the 1973 budget is proposed to be continued up to March 31, 1985. I also propose to raise with certain exceptions the present effective rate by five percentage points. I am excluding from the proposed increase essential items

## I-T rate structure

The comparative tax (including surcharge) in rupees at selected levels:

Taxable income	Existing rate	Proposed rate	Relief
16,000	281	225	56
17,000	563	450	113
18,000	844	675	169
19,000	1,125	900	225
20,000	1,406	1,125	281
21,000	1,744	1,406	338
22,000	2,081	1,688	393
23,000	2,419	1,969	450
24,000	2,756	2,250	506
25,000	3,094	2,531	563
30,000	5,063	4,219	844
40,000	9,563	8,156	1,407
50,000	14,063	12,656	1,407
60,000	19,688	17,719	1,969
70,000	25,594	22,781	2,813
80,000	31,781	28,406	3,375
90,000	38,109	34,031	4,078
1,00,000	44,578	39,656	4,922
1,50,000	78,328	70,594	7,734
2,00,000	1,12,078	1,01,531	10,547
3,00,000	1,79,578	1,63,406	16,172
4,00,000	2,47,078	2,25,281	21,797
5,00,000	3,14,578	2,87,156	27,422

like fertilizers, bulk petroleum products such as kerosene and high speed diesel oil, and also newsprint. Fuller details of these proposals are available in the budget papers. This proposal is expected to yield an additional revenue of Rs. 241.73 crores in a full year.

## Higher duty on crude

The present customs duty on crude petroleum of Rs. 9.50 per tonne (which is being collected by way of auxiliary duty) was fixed in 1973. Without affecting the domestic prices of petroleum products, I propose

to raise the duty on crude to Rs. 100 per tonne. The revenue gain from this measure will be Rs. 132.76 crores. This duty increase is to be absorbed by the oil companies without their having to raise consumer prices on this account.

## Duty hike on iron, steel

The current rates of import duties on iron and steel items were fixed a few years back and they are now out of line with the requirements of indigenous industry. I propose to raise the basic customs duty on different items of iron and steel (other than stainless steel) by five percentage points or 10 percentage points, depending upon the existing rates of duties. I also propose to levy a total customs duty of 20 per cent *ad valorem* on stainless steel melting scrap, which is now exempt from customs duty. These measures are expected to yield an additional revenue of Rs. 84.20 crores.

I also propose to increase the import duty on zip fasteners and parts thereof, magnetic tape and petroleum specialities namely petroleum jelly, sodium petroleum sulfonate and liquid paraffin. Details of the proposals are available in the budget papers. The revenue gain in these proposals would be of the order of Rs. 5.32 crores.

## Boost to gem, jewellery trade

In order to promote exports in the important sector of gems and jewellery, customs duties leviable on a number of gem and jewellery processing and manufacturing machines are proposed to be reduced from the respective existing rates to 40 per cent *ad valorem*. The gem processing machines would enable significant reduction in processing losses and also improve overall quality and productivity. Similarly, I also propose to reduce customs duties on specified machines used in packaging food articles as well as by meat and food processing industries from the respective existing rates to 40 per cent *ad valorem*. This measure is expected to encourage export of food items in value-added form and also in consumer packs instead of in bulk. The revenue sacrifice involved in the above proposals is Rs. 5.24 crores.

With the advancement in machine tool technology CNC machines are progressively replacing conven-

tional machine tools due to their higher productivity and accuracy. To enable the indigenous machine tool manufacturers to offer CNC machine tools on competitive terms, I propose to reduce the customs duty on CNC systems to 35 per cent. The revenue sacrifice is of the order of Rs. 0.82 crore.

To enable the paper industry to obtain its raw materials at reasonable prices and to relieve the pressure on forest resources, I propose to exempt totally from customs duties wood chips for making pulp for the manufacture of paper or paper board. On similar considerations, I propose to reduce the duty on wood pulp imported for manufacture of paper from the existing levels to 30 per cent. These measures involve a revenue sacrifice of the order of Rs. 1.10 crores.

Certain changes in the provisions of the Customs Act 1962 relating to warehousing etc., and in the Customs Tariff Act 1975 are also proposed. The details of these proposals have been given in the budget papers.

Sir, coming now to my proposals in respect of excise duties, my main objectives are to minimise the effects of inflation, lessen the scope for tax avoidance and evasion, give a boost to selected industries suffering from demand recession and ensure better utilisation of the capacity and investments already created.

I propose to continue up to March 31, 1985 the levy of special excise duties at the existing rates and with the existing exemptions.

## Levy on khandsari sugar goes

My first proposal for relief is in respect of khandsari sugar. I propose to fully exempt khandsari sugar from the levy of excise duty. I am taking this measure in view of the labour-intensive character of this industry and to provide further opportunity for growth of employment in this industry. The abolition of excise duty will also help this industry to pay better price to cane growers, and will give relief to a large number of khandsari units located in farflung rural areas. The revenue sacrifice involved in this proposal is Rs. 16.42 crores. Khandsari, I am told, is also better for health. If as a result of this measure, the health of the nation improves, I hope the credit will flow to me and not to my distinguished colleague, the Health Minister.

## Relief to Textiles

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Hon'ble members would recall that excise duty was levied on electricity as a revenue measure in the 1978 budget. The net proceeds from the duty collected on electricity are wholly distributed to the States. It is proposed to abolish the excise duty on electricity leaving it to the State Governments tap this source to whatever extent and in whatever manner they like. This will give to the States one more area for resource mobilisation. To give the States some time to take appropriate action, this abolition will be effective from October 1, 1984.

## Duty on Blended Fabrics

I also propose to provide substantial relief to the textile industry with a view to making cloth cheaper. Hon'ble members may recall that in the 1982 and 1983 budgets, excise duty was reduced to encourage the production of blends with the desirable proportions of polyester. Such fabrics are

becoming increasingly popular with the people. As a further measure of relief in this area and with the overall objective of making such fabrics available at lower prices, I propose to reduce the total excise duty on polyester-cotton blended yarn containing more than 40 per cent but less than 70 per cent polyester to Rs. 5 a kg. The existing rates of duty on such yarn vary generally from Rs. 7.5 a kg to Rs. 22.5 a kg, depending on the extent of polyester-cotton mix. Under my proposal all blends over 40 per cent but below 70 per cent of polyester will pay the same reduced rate of duty. For similar blends of polyester and viscose, the excise duty will get reduced to Rs. 10 a kg from the present rates which generally vary from Rs. 11.25 a kg to Rs. 22.50 a kg. The revenue sacrifice on these accounts is estimated at Rs. 33.25 crores in a full year.

Blended fabrics have also received my attention. The excise duty on polyester-cotton blended fabrics containing more than 40 per cent but less than 70 per cent polyester will be reduced to two per cent *ad valorem*. The incidence of duty on such fabrics at present varies from 7.5 per cent to 17.8 per cent *ad valorem*. This concession would cost the exchequer Rs. 26.50 crores in a full year. I also propose that this duty at two per cent *ad valorem* be collected as additional excise duty in lieu of sales tax. As Hon'ble members are no doubt aware, proceeds of additional excise duties on textiles go to the States.

These changes in the duty structure on polyester-cotton blended yarn and polyester-cotton blended fabrics will, for a 67:33 blend, reduce the duty incidence by about Rs. 3.30 a square metre on a fabric carrying a wholesale price of about Rs. 25 a square metre and a retail price of Rs. 35 to 40 a square metre. This duty reduction will enable the industry to sell such fabrics at reduced prices.

### **Less excise on cotton fabrics**

I also propose to provide relief on cotton fabrics which still constitute a major share of the total production of cloth in the country. I propose to reduce the excise duty on cotton fabrics of less than 51 counts and of assessable value not exceeding Rs. 5 per square metre. Such fabrics at present pay duty of excise at rates varying from 2.38 per cent to 3.56 per cent *ad valorem* in the case of composite mills. Concessional rates of duty are allowed for independent processors processing powerloom and handloom fabrics. I propose to fully exempt handloom and powerloom fabrics of the above varieties processed by independent processors. The rate of duty for composite mill fabrics is also being reduced to one per cent *ad valorem* retaining more or less the present differential between the independent processors and the composite mills. This duty would be in the nature of additional excise duty in lieu of sales tax and will entirely go to the States. Such fabrics are mostly consumed by the weaker sections of society. The benefits of the reductions should become available to them in the form of lower prices. This proposal on cotton fabrics would entail a revenue sacrifice of Rs. 28.40 crores. I hope my proposals would also help the textile industry. The industry should benefit through increased demand that lower prices would generate.

Cotton yarn and cellulosic spun yarn in the form of cross reel hanks are finding increasing use in the handloom sector. In the Handloom Year, I propose to reduce the duty incidence on such yarn supplied to registered handloom cooperative societies or to organisations set up or approved for the development of handlooms, by about 50 per cent. This would involve a loss of Rs. 3 crores to the exchequer in a full year.

### **Excise hike on manmade fabrics**

In order to recoup some of the revenue loss flowing from the above package of measures in respect of the textile industry, I propose to increase the incidence of additional excise duty in lieu of sales tax from 7.5 per cent to 10 per cent on manmade fabrics of assessable value exceeding Rs. 25 per square metre. This increase will not apply to those blended fabrics in respect of which duty is being reduced. The impact will be on costlier fabrics which are consumed mainly by the more affluent sections of society. They should not mind this. On this account, the exchequer will gain by Rs. 27 crores in a full year and this, too, would accrue entirely to the States.

I also propose to reduce the duty on shoddy blankets and other similar blankets made from shoddy yarn processed by composite mills by about seven per cent. Such shoddy blankets if processed by independent processors will be wholly exempt. The revenue loss on this account would be Rs. 1 crore in a full year.

## Lower excise on paper

Another industry needing urgent attention is the paper industry. This industry has been passing through a difficult phase troubled by rising cost of raw materials and other inputs. My proposals aim at encouraging the production of paper and paper board and preserving scarce natural forest resources. I have already referred to the proposed exemption from customs duty of import of wood chips and wood pulp for paper making. As a further measure of relief, I propose to reduce the basic excise duty on printing and writing paper and also kraft paper produced by large paper mills by Rs. 425 per tonne, and corresponding concessions are being given on the duty leviable on such paper when unconventional raw materials are used in their manufacture. Simultaneously, the range of permissible unconventional raw materials is being expanded.

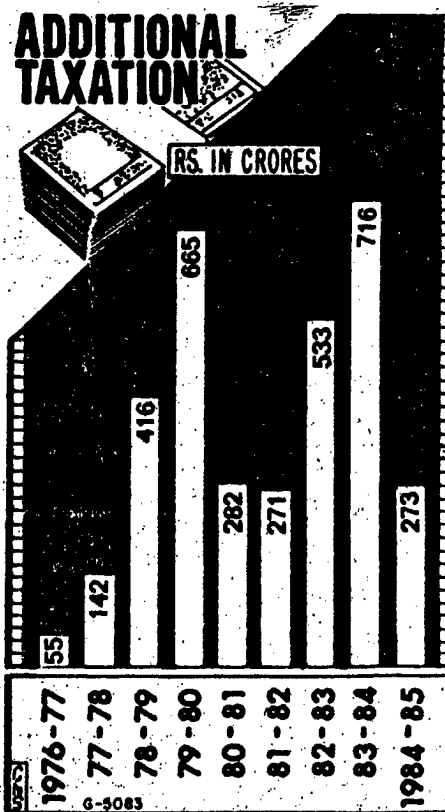
No concession for use of unconventional raw material is now available in the case of paper boards. I propose to reduce the basic excise duty payable on paper boards manufactured from at least 50 per cent unconventional raw materials from the present general level of 10 per cent *ad valorem* plus Rs. 1430 per tonne to Rs. 560, Rs. 900 or Rs. 1120 per metric tonne depending on whether the clearances of paper and paper board from such paper mills in the preceding financial year did not exceed 3,000 tonnes, 7,500 tonnes or 16,500 tonnes respectively. For larger paper mills using unconventional raw materials, the rate of basic excise duty on paper boards is being reduced to 7 per cent *ad valorem* plus Rs. 925 per metric tonne.

My proposals relating to the paper industry would entail a loss of Rs. 33 crores in excise duties in a full year. Along with the customs duty exemptions on import of wood chips and wood pulp, this package is expected to provide substantial fiscal support to the development of indigenous paper industry and improve the availability of paper at reasonable prices.

Members may recall that certain time-bound concessions were given in October, 1983, in respect of certain specified commodities. Having regard to the industry's response to that measure which was intended to stimulate production by generating incremental demand I propose to continue the concession for one year with certain modifications.

In the case of commercial vehicles and three-axled vehicles, the concession will be continued but the extent of duty concession granted in October, 1983, is being reduced by 2.5 percentage points. I propose to remove some models of light commercial vehicles from the purview of the exemption in order to establish parity among all models of such vehicles in the matter of the rate of excise duty. These proposals would entail a revenue loss of Rs. 45 crores in a full year.

I propose to continue the concessions in the case of refrigerators, deep freezers and parts of refrigerating appliances, etc., storage batteries and domestic electrical appliances. The total revenue sacrifice on these items would be to the tune of Rs. 19 crores.



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In the case of tyres for buses and trucks and tyres for use off-the-road, I do not propose to continue the concession granted in October, 1983, as there is no further case for this concession in view of the price increases announced by this industry. However, as a measure of rationalisation and in order to reduce scope for tax evasion, I propose to switch over by and large to a system of specific rates of duties from the *ad valorem* rates.

### Relief to porcelain industry

Production of China and Porcelain tableware over the last few years has been showing signs of stagnation and the capacity utilisation has been declining. With a view to providing relief to the industry, I propose to reduce the basic excise duty from 30 per cent to 15 per cent on these items. This would entail a revenue loss of Rs. 1.5 crores.

With summer not very far away, I would like to help the Hon'ble members in keeping their tempers cool. I propose to reduce the basic excise duty on table fans from 10 per cent to five per cent and on ceiling fans of a diameter not exceeding 107 cm from 15 per cent to 7.5 per cent. I also propose to reduce the basic excise duty on evaporative type of coolers, including desert coolers, from 40 per cent to 30 per cent *ad valorem*. These proposals would involve a revenue sacrifice of Rs. 5.10 crores.

As a rationalisation measure, I propose to reduce the basic duty on winding wires from 10 per cent to five per cent and increase the basic duty on copper wire rods by Rs. 1300 a tonne. On an overall basis, these changes will result neither in a loss nor in a gain in revenue.

As Hon'ble members will remember, many reputed artistes had published an appeal inviting our attention to piracy. As I "just cannot write these names off" I propose to exempt sound-recorded cassettes wholly from excise duty. In view of the upward revision of

customs duty on magnetic tapes, the revenue loss on this account is expected, by and large to be made up.

As a general measure of relief I propose to fully exempt laundry soap manufactured by KVIC units and to reduce basic excise duty from 10 per cent to five per cent on certain mass consumption items such as imitation jewellery, stainless steel utensils, glass chimneys for lanterns, high efficient wood burning stoves, umbrellas and saccharine. The revenue sacrifice involved in these concessions is Rs. 1.13 crores.

Hon'ble members may recall that an excise duty relief scheme to encourage higher production is in operation for the past two years. I propose to continue the scheme for one more year.

Hon'ble members would also recall that in the last budget, I had rationalised the tariff relating to iron and steel items. This year I have undertaken a similar exercise in respect of non-ferrous metals. The tariff entries are being revised on a more scientific basis. These changes as in last year would be brought into effect from a subsequent date. Till then the present effective rates of duty would continue.

I propose to increase the additional excise duty in respect of cigarettes. The present ratio between basic excise duty and additional excise duty is being altered to 1.75:1. This measure will result in the transfer of Rs. 42.89 crores from the basic excise duty account to the additional excise duty account in the next financial year and thus increase the accrual to the States. There will be a corresponding reduction in the amount allocated to basic excise duty. The total incidence of excise duties on cigarettes will remain unaltered.

There are some other minor proposals which do not have much revenue significance. These include readjustment of duties in some cases and deletion of some tariff items which have remained fully exempted for a long time.

In the light of the experience gained in the working of the Income Tax Appellate Tribunal and the Customs, Excise and Gold (Control) Appellate

## Budget at a glance

	Budget	1983-84 Revised	1984-85 Budget
Revenue receipts	20,594	20,964	23,744
Revenue disbursements	22,419	23,339	26,342
Revenue surplus/deficit	(—) 1,825	(—) 2,375	(—) 2,325
Capital receipts	12,656	15,965	16,757
Capital disbursements	12,417	15,685	16,194
Capital surplus/deficit	+ 239	+ 280	+ 563
Overall deficit	1,586	2,095*	1,762

\*The revised deficit includes Rs. 400 crores provided as loans to States to clear their over drafts.

Tribunal, some amendments are proposed to be carried out in the laws relating to them. These are mainly of an administrative nature. I do not propose to take the time of the House over these proposals.

Mr. Speaker, sir, with the phenomenal increase in Central excise revenue from about Rs. 100 crores in 1953-54 to about Rs. 10,100 crores in 1983-84, the Central excise tariff has also substantially grown. I think it is time to make a comprehensive review of the tariff as it has developed over the last three decades with a view to rationalising it. This would require a detailed study which can best be done only by a technical study group. I propose, therefore, to appoint such a group.

## Tax yield

The proposals that I have presented will yield additional revenue of Rs. 485.41 crores in customs duties and Rs. 33.10 crores in excise duties. There would be a transfer of Rs. 43.64 crores from the basic duty account to the additional duty (in lieu of sales tax) account. The concessions and reliefs aggregate to Rs. 7.26 crores on the customs side and Rs. 222.43 crores on the excise side. The net yield from customs duties is Rs. 458.15 crores. The net loss from excise duties comes to Rs. 189.33 crores out of which the Centre's share would be Rs. 148.95 crores and the States' share Rs. 40.38 crores. This takes into account the States' share from additional excise duties in lieu of sales tax to the extent of Rs. 52.31 crores. The accrual to the Central Exchequer from the additional tax effort in a full year would be Rs. 309.20 crores.

Copies of the notifications giving effect to the changes in customs and excise duties effective from March 1, 1984, will be laid on the table of the House in due course.

## Keeping deficit low

I had earlier stated that the budgetary deficit at the existing rates of taxation would be Rs. 2,035 crores. The tax measures proposed now, taken together with reliefs and concessions, are estimated to yield a net additional revenue of Rs. 272.88 crores to the Centre. This leaves an uncovered deficit of Rs. 1762 crores. It has been my endeavour to keep the budgetary deficit to a relatively low figure and I am sure the Hon'ble members would agree that this order of deficit is appropriate to our circumstances. I hope the low deficit, combined with my proposals for boosting production and lowering prices, will have a salutary effect on the inflationary psychology in the economy.

If I may, at this point quote from Kautilya's *Arthashastra*:

*"Evam Kuryath samudayam vruddhim dhayasya dharsayeth."*

*Hasam vyayasya cha pragyah saadhayechha viparyayam."*

Four years ago, my distinguished predecessor, while presenting the first budget of the present Government, had expressed our firm resolve to repair the damage and restore the country's economy to the path of stability, growth and social justice. Mr. Speaker, we have kept that promise.

I commend this budget to this House.

## G. K. Reddy Commentary

Madras THE HINDU in English 1 Mar 84 p 1

[Article by G. K. Reddy: "Pre-Election Exercise, Marginal Reliefs"]

[Text]

NEW DELHI, Feb. 29.

The Finance Minister, Mr. Pranab Mukherjee, presented what amounted to an election budget with some marginal reliefs in both direct and indirect taxes to woo the middle classes and weaker sections, but he did not go far enough to endear the Congress (I) to the common people.

He made no bones about the purpose of these concessions when he began the second part of his budget speech dealing with taxation: "I hope I have not been entirely unmindful of a certain forthcoming event which is of importance to all of us in this Parliament".

When some members interjected that he was presumably referring to the next Lok Sabha elections, Mr. Mukherjee added that the reference was to the Seventh Plan much to the amusement of the members on both sides. But, otherwise, even the Opposition parties conceded that the modest reliefs he offered to placate the tax-payers or the concessions he gave to industries like textiles, sugar and paper were reckoned to be steps in the right direction, whatever the political motivation of the ruling party in coming forward with these dollops

before the elections after soaking the people pretty hard in the previous budgets.

**Political gesture:** The economic experts who were campaigning for some bold and imaginative initiatives were somewhat disappointed that the Finance Minister had not made a brave attempt to move away from the beaten track and come forward with some major reforms to rationalise the tax structure and simplify the procedures for collection without sacrificing the revenues. He preferred to merely tinker with the existing dispensation to provide for some pre-election reliefs more as a political gesture than as a sound fiscal proposition.

Those who expected bigger reliefs were naturally disappointed; but others who feared stiffer levies were relieved, although nobody felt reassured that the proposed reductions in both personal and corporate taxes, customs and excise levies, and reliefs to deserving industries could by themselves contain the inflationary pressures and check the price increases. The big risks involved in confining such budgetary concessions to token or tardy reliefs was that the gesture was likely to be forgotten by the people soon, in the absence of

any concerted administrative steps to control prices.

**Not enough incentives:** The budget proposals did not also contain enough incentives to encourage personal savings on a larger scale, since the new national deposit scheme announced by the Finance Minister is not likely to encourage the hard-pressed middle classes to tighten their belts further and put aside a part of their fixed incomes as an investment for the future with a reasonable margin of compensation for inflation. The richer sections, particularly the big business that generates most of the black money, had been let off quite mildly with a certain amount of admonition that had no bite in it.

At one stage, the Finance Minister intended to incorporate many of the recommendations made by the L. K. Jha Commission in the 1984-85 budget, but later on, he decided to introduce the proposed tax reforms through separate legislation. It was, therefore, quite surprising that Mr. Mukherjee made no mention of this in his budget speech contrary to general expectation. He also painted an unduly rosy picture of the general economy by talking of a strong recovery in agriculture, industrial growth and national income more or less repeating what had been said in the economic survey presented to Parliament.

On the positive side, the Plan outlay for 1984-85 had been stepped up, enough funds provided for the development of infrastructure and the core industries and credit facilities enhanced to help the private sector to increase production. Adequate provision had also been made for rural development and creation of better employment opportunities to the poorer sections, besides social welfare measures under the 20-point programme.

**Tiresome ordeal:** The Prime Minister, Mrs. Gandhi, sat in her seat passively, as the Finance Minister waded through the long speech in two parts, without displaying any great enthusiasm for what was being said on behalf of her Government. Her son, Mr. Rajiv Gandhi, applauded the excise exemptions offered to khandsari sugar because it was bound to make the right political impact in the sugarcane belt of Uttar Pradesh that had been facing a recession, but otherwise he too sat through the tiresome ordeal of listening to the budget speech without much emotion.

As the members dispersed from Parliament House after collecting the bulky budget documents, a good many of them including some Congress (I) MPs wondered whether the electorate could be swayed with these symbolic concessions. There was nevertheless a mitigating feeling or relief that the Finance Minister had at least saved the party the odium of a harsh budget in an election year.



## FAROOQ ABDULLAH MEETS BOMBAY PRESS 23 FEB

Bombay THE TIMES OF INDIA in English 24 Feb 84 p 6

[Text] Bombay, February 23--Relations between Jammu and Kashmir and the Central government were better today and the fear that the state ministry would be toppled did not exist, the chief minister, Dr. Farooq Abdullah, said here today.

"The Congress has piped down a bit. It is not indulging in all kinds of hooliganism as it used to do before January 25" (when he had a meeting with the Prime Minister), he told reporters at a press conference. He attributed the changed climate to "Mrs. Indira Gandhi's efforts and better sense prevailing among good people still existing in the country."

"They may still be wanting to get rid of me, but the tactics have changed," he added, and went on to say that he did not want "to launch a battle with the Congress at the Centre because I cannot afford it. The state's development will suffer."

Dr. Abdullah referred to Punjab and Haryana which, he said, were "burning." One Hindu was killing another ("I consider Sikhs Hindus") and one Indian was killing another after 36 years of independence "because we politicians have been able to brand anyone anything." He said his own father was branded a foreign agent till 1975, as he himself was being labelled today.

"I am a nationalist today and I am going to die as one. Do I have to prove my bona fides as an Indian because I am a Muslim? When will you trust us and stop believing that Kashmir is getting out of hand?" he asked.

Asked about the threats made by the "Kashmir Liberation Front," he said the KLF was probably emboldened by Congress talk of anti-national and secessionist forces raising their heads in the valley.

He dismissed talk of a war between India and Pakistan, or about Khalistan. "If Khalistan comes in, we go with it because Jammu and Kashmir was a part of Ranjit Singh's property," he equipped.

Asked if the hartal in parts of Kashmir after the hanging of Maqbool Butt was not anti-national. Dr. Abdullah said it was not. "What would you say to the relatives, family and friends of Butt--forget about him? Forget their grief?"

Earlier in an informal discussion with industrialists, Dr. Abdullah ruled out the imposition of President's rule in the state.

The government was also taking all measures to prevent infiltration of extremists from Haryana and Punjab, he said.

Dr. Abdullah also offered wide-ranging incentives for industrial units to be set up in the state. He said for electronic goods and precision instruments units 100 per cent exemption of general sales tax would be given for the first five years, 75 per cent exemption for the next three years and 25 per cent for another two years.

CSO: 4600/1629

## OFFICIAL SURVEY ON PUBLIC SECTOR RELEASED

Bombay THE TIMES OF INDIA in English 29 Feb 84 p 9

[Text] New Delhi, February 28--A Government survey claims that public sector enterprises in 1982-83 made the highest ever net profit after interest and tax--amounting to Rs. 617.85 crores as against Rs. 445.92 crores in 1981-82.

The survey made by the Bureau of Public Enterprises (finance ministry) says that the percentage of gross profit to capital employed improved from 12.10 in 1981-82 to 13.05 in 1982-83. In absolute terms the gross profit increased from Rs. 2,654.37 crores to Rs. 3,469.07 crores.

The value of goods produced and services rendered showed an increase of Rs. 5,156.07 crores over the previous year. Similarly, value added content increased from Rs. 6,429.87 crores to Rs. 8,377.81 crores.

The export earnings were also the highest so far, totalling Rs. 4,693.77 crores. Further, a sum of Rs. 103 crores was saved during the year in foreign exchange on account of import substitution efforts undertaken by the public enterprises.

The number of public enterprises totals 223. The investment in 209 enterprises on March 31, 1983, stood at Rs. 30,039 crores of which ten enterprises had an investment of Rs. 16,513.53 crores.

The Steel Authority of India occupies the top position in these ten enterprises, with an investment of Rs. 4,898.57 crores followed by Coal India Ltd. (Rs. 3,254.88 crores), Oil and Natural Gas Commission (Rs. 2,375.76 crores), Hindustan Petroleum Power Corporation (Rs. 1,498.01 crores), Rural Electrification Corporation (Rs. 1,158.37 crores), and Fertiliser Corporation of India (Rs. 1,029.01 crores).

In terms of gross turnover, Indian Oil Corporation stood first, with Rs. 9,791.87 crores, followed by Food Corporation of India (Rs. 4,239.49 crores), SAIL (Rs. 3,053.89 crores), Oil and Natural Gas Commission (Rs. 2,375.75 crores), Hindustan Petroleum Corporation (Rs. 2,099.25 crores), Coal India (Rs. 1,919.54 crores), State Trading Corporation (Rs. 1,832.14 crores), Bharat Petroleum Corporation (Rs. 1,724.08 crores), Minerals and Metals Trading Corporation (Rs. 1,205.05 crores), and Bharat Heavy Electricals (Rs. 1,179.16 crores).

As regards capacity utilisation, 55 per cent of the enterprises recorded more than 75 per cent while 26 per cent showed between 50 and 75 per cent. Nineteen per cent of the enterprises recorded capacity utilisation of less than 50 per cent.

ONGC occupies the first place among the top profit-making enterprises with a profit before tax of Rs. 1,182.87 crores followed by Oil India (Rs. 205.64 crores), Indian Oil Corporation (Rs. 150.08 crores), STC (Rs. 62.66 crores), MMTC (Rs. 55.09 crores), BHEL (Rs. 53.64 crores), Indian Petrochemicals Corporation (Rs. 50.88 crores), Neyveli Lignite Corporation (Rs. 47.44 crores), Bharat Earth Movers (Rs. 42.42 crores) and Central Coalfields (Rs. 40.92 crores).

SAIL tops the list of the loss-making enterprises with a loss of Rs. 105.77 crores followed by Delhi Transport Corporation (Rs. 73.49 crores), Kudremukh Iron Ore Company (Rs. 66.31 crores), Indian Iron and Steel Co. (Rs. 65.76 crores), Fertiliser Corporation of India (Rs. 65.72 crores), Hindustan Fertiliser Corporation (Rs. 55.35 crores), Eastern Coalfields (Rs. 55.33 crores), Bharat Aluminium Company (Rs. 52.83 crores), Heavy Engineering Corporation (Rs. 47.48 crores) and Hindustan Copper (Rs. 29.63 crores).

CSO: 4600/1624

FINANCIAL AID TO AFRICAN ECONOMIC COMMISSION

New Delhi PATRIOT in English 26 Feb 84 p 2

[Text]

**Addis Ababa, Feb 25 (PTI)**—India is providing financial aid amounting to Rs nine million (900,000 US dollar) to the Economic Commission for Africa (ECA) for the implementation of three projects.

This is in fulfilment of the pledge made by India in May 1983 to assist ECA in its specific programmes and an agreement is programmed and an agreement is to be signed here soon between the Government of India and ECA in this regard.

India's contribution is the largest of all pledges, with the Federal Republic of Germany coming second.

The three projects, which India is to assist, are engineering industries development projects in east and southern Africa, appropriate technology and provision of machines and equipment to the African Regional Centre for engineering design and manufacturing based in Ibadan in Nigeria.

India is the first non-African country to render financial aid to ECA projects, in 1979, India extended assistance to ECA-sponsored projects in the small scale sector, food processing and preservation and appropriate technology.

It is expected that India will continue to associate itself with the African commission's work as has been evidenced by the recent visit to the ECA secretariat here of the new Indian ambassador, Mr C V Ranganathan, to familiarise himself with the activities of the various divisions.

Mr Ranganathan also held discussions with the heads of the divisions, who briefed the ambassador on the complete range of activities.

The visit gave the ambassador a clear picture of the areas where Africa needs assistance and India can step in.

CSO: 4600/1620

## INDO-ITALIAN JOINT COMMITTEE ENDS DELHI MEET

New Delhi PATRIOT in English 1 Mar 84 p 2

[Text]

The Indo-Italian joint committee which concluded its sixth session in Delhi on Wednesday has charted out a long-term programme for collaboration between the two countries and identified several areas for promoting this under a three-year \$700 million credit to be provided by Italy beginning this year, reports PTL.

The agreed minutes of the session were signed on Wednesday by Commerce Secretary, Abid Hussain, and the Director General of Economic Affairs in the Italian Ministry of Foreign Affairs, Mr Renato Rozzi, in the presence of Commerce Minister, Mr Vishwanath Pratap Singh, and the Italian Foreign Trade Minister, Mr Nicola Capria, the two co-chairmen of the joint committee.

The two countries also exchanged letters on avoidance of double taxation.

Mr Capria told a press conference later that the \$700 million to be offered by Italy would include past unutilised credits of \$37 million, \$40 million announced for some Indian projects earlier and a new loan and commercial credits totalling \$400 million and a \$110 million credit for 1984. The ceiling of 700 million dollars was not rigid and could be increased to accommodate mutually agreed viable projects as and when necessary.

The sectors for collaboration identified were broadly informatics, energy, automobile industry, communication and transport.

Mr Capria said both realised that the potential that existed for collaboration and commercial exchanges had not been fully exploited, especially taking into account the complementarity of the two economies. Projects identified under the long term programme would not be confined to large projects, but would extend to the medium and small scale sectors which are in a position to absorb sophisticated Italian technology.

There will be periodic review of the progress on various projects and the arrangements and line and levels of credit suitably updated, he said.

According to an official release, the joint committee decided that a long term approach was necessary as against sale and purchase approach to industrial relations. It was recognised that optimum trade increase could be attained only through joint action, both at the private institutional level and at government level.

It was agreed that specialised delegations would be exchanged by the two countries in the field of agricultural products, food stuffs engineering goods, leather goods, textile products and minerals to negotiate trade and collaboration arrangements. Italy has offered to provide grants and technical assistance in the field of machine tools, leather and leather technology, gems and jewellery and fisheries.

The committee noted the importance of trade fairs in disseminating market information and identified

fairs in Italy for Indian participation like the Mipel fair for leather goods, Milano Vende Moda fair for textiles and garments, Como Immagina fair for silk fabrics and jewellery fairs at Vicenza and Valenza.

The Indian side laid emphasis on achieving substantial increases in agricultural commodities like processed foods and beverages and in processing and packaging these to meet Italian market specifications. It also indicated that specialised components and ancillaries for engineering sectors, minerals, additional quantities of iron ore, manganese ore and mica could be included in the export basket to Italy, besides leather, footwear, garments and leather products, cut and polished diamonds and precious stones.

The Italian delegation agreed to arrange seminars and conferences between Indian and Italian entrepreneurs on participation in India's free trade zones and 100 per cent export-oriented units. It also agreed to provide training facilities for Indian artisans and supervisors in footwear technology and leather products.

Other areas suggested by India for collaboration include high-technology fields, especially in joint ventures and third country projects, sub-contracting and joint tendering. The Italian side was also asked to finalise early schemes for training in Tuna fishing by trawler.

Meanwhile, Mr Capria said that Italy is committed to resumption of global negotiations and enlargement of funds available to developing states under the IDA quotas.

## COMMERCE MINISTER MEETS WITH CANADIAN VISITOR

Madras THE HINDU in English 1 Mar 84 p 11

[Text]

NEW DELHI, Feb. 29.

Prospects of boosting Indo-Canadian trade and industrial collaboration were discussed at a meeting between the Union Commerce Minister, Mr. V. P. Singh and the visiting Canadian Minister for International Trade, Mr. Gerald Regan here yesterday.

Both the Ministers considered the prospects good and identified potential areas for increased collaboration.

Mr. Regan felt that Canadian expertise in telecommunications and other high technology areas could provide opportunities for transfer of technology. Mr. Singh reciprocated by pointing out that Canadian expertise and Indian manpower could jointly provide the base for starting joint ventures in third countries.

The other areas identified for collaboration included power, and oil and gas exploration. Mr. Regan invited India to participate in the Expo-86 to be held at Montreal.

The two-way trade between India and Canada had risen from Rs. 178.94 crores in 1976-77 to Rs. 375.99 crores in 1981-82. During the first six months of the current year Indian exports to Canada stood at Rs. 33.4 crores compared to Rs. 25.23 crores in the corresponding period of last year. The trade balance has been in favour of Canada.

The visiting Canadian Minister also had a meeting with representatives of the Federation of Indian Chambers of Commerce and Industry at which he invited Indian businessmen to avail themselves of the vast opportunities provided by the Canadian market. He said institutional links between Canadian and Indian trade institutions existed, but there was no adequate follow-up after the visits of delegations.

Mr. Regan said that since Canada did not have a captive market as India had, the policy of the Canadian Government had been a little bit protectionist. But, there were many areas where Indians had an edge over the Canadian

manufacturers and these had ready market in Canada. He regretted that Indian potential and achievements had not been properly focused to the Canadian market and this was to some extent responsible for Canada not coming in a big way to forge greater trade and industrial relations in India.

Mr. L. M. Thapar, Chairman of the Indian section of Indo-Canadian Joint Businessmen Council said that the increase in the two-way trade between India and Canada was not commensurate with the potential. He felt the trade turnover could be doubled within the next five years. He noted that in the past several years, Indian exports to Canada had been more or less static. Special efforts would have, therefore, to be made by Canada to increase its imports of Indian products. India had so far entered into only 50 collaboration agreements with Canadian counterparts, out of a total of nearly 8000 collaborations. This, he felt, was not enough.

## CORPORATIONS REPORT MODEST GROWTH IN 1982-83

New Delhi PATRIOT in English 25 Feb 84 p 2

[Text]

The performance of the corporate sector in 1982-83 as revealed by an analysis of 417 companies, was that despite deceleration in current operations and fall in the profitability ratios, capital formation, especially in plant and machinery, continued at an accelerated pace, reports PTI.

According to the Industrial Credit and Investment Corporation of India (ICICI), which did the analysis, the corporate sector also had proposals for sizable investment in 1983-84 and 1984-85. Capacity utilisation came down and both exports and employment registered only modest growth in 1982-83.

The latest ICICI study, the twelfth in the series, covering 417 companies accounted for 57.3 per cent of the paid up capital of public limited companies in the private corporate sector.

According to the findings, the rate of gross fixed assets formation during the five-year period 1978-79 to 1982-83 had nearly doubled from 11.9 per cent in 1979-80 to 21.4 per cent in 1982-83.

Gross fixed assets of the 417 companies increased to Rs 11655 crore in 1982-83. Investment in plant and machinery which increased by 18.3 per cent (15.2 per cent in the previous year) in 1982-83 accounted for 61.0 per cent of the growth in gross fixed assets.

The growth rate of inventories

declined from 21.4 per cent in 1981-82 to 10.9 per cent in 1982-83. However, inventories of finished goods and work-in-process grew by 18.3 per cent.

Besides internal resources in the form of reserves and surplus, the growth in fixed assets has been supported in a large measure by long-term borrowings, including debentures and deferred credit, all of which increased significantly in 1982-83, the study said.

A large part of the increase in current assets was matched by a corresponding growth of unsecured loans and deposits and creditors. Bank borrowings for working capital rose modestly by 5.9 per cent—less than the growth of both inventories and sales.

Sales (net of excise) grew at 10.6 per cent in 1982-83 as compared to the 21.7 per cent growth rate achieved in the previous year.

Total income also expanded by 10.3 per cent in 1982-83 as compared to 22.2 per cent in 1981-83.

With expenditure rising faster than income, the increase in gross profits was 4.6 per cent as against 21.4 per cent in the previous year, ICICI said.

The survey said interest charges rose by 29.8 per cent on top of the 25.7 per cent increase last year. Consequently, 1982-83 saw a contraction in profits before tax.



## BRIEFS

SOVIET ALUMINUM, ZINC--The USSR will supply India with 15.5 thousand tons of zinc, 1.45 thousand tons nickel, and 10 thousand tons of aluminium during the current calendar year, reports PTI. Contracts to this effect were signed in Delhi on Wednesday by Mr R.C. Mehra and Mr H.B.L. Saxena, general managers of the Minerals and Metals Trading Corporation, and M.I.A. Russov, general director of raznoimxport, the Soviet foreign trade organisation. [Text] [New Delhi PATRIOT in English 1 Mar 84 p 2]

CHILEAN AMBASSADOR--The new Ambassador of Chile, Mr Carlos Bustos, presented his credentials to President Zail Singh at Rashtrapati Bhavan, on Friday morning, reports PTI. Welcoming the new Ambassador Mr Bustos, the President stressed the role of the two developing countries, in the present day world faced with increasing tensions and confrontation and a global recession. The President made an appeal to all peace loving countries of the world, like India and Chile, to unite and present a common front and resistance to the growing danger of a nuclear holocaust. In this context, the President emphasised the need to work together in different forums and said that "both India and Chile have a vast pool of experience which can be enriched further." [Text] [New Delhi PATRIOT in English 25 Feb 84 p 8]

MARXIST COMMUNIST PARTY--(UNI)--Mr. M. Omkar, MLA, who was recently expelled from the CPI (M) has formed a new party--the "Marxist communist party." The new party was born at a convention held at Warangal on Sunday. Mr. Omkar was elected secretary of the party. Talking to newsmen in Hyderabad on Monday, he said the convention had elected a three member presidium and a 19-member state committee. About 1,500 delegates from Hyderabad city, Warangal, Rangareddy and other districts participated in the convention. Mr. Omkar made a mention of this in the state assembly. [Text] [Bombay THE TIMES OF INDIA in English 24 Feb 84 p 22]

PERMANENT ANTARCTIC STATION--New Delhi, Feb. 28--The permanent Indian station in Antarctica has been formally commissioned and the members of the third Indian expedition will leave for home on March 1 after a two-month stay on the icy continent. About 12 members led by Mr. S. S. Sharma, who will form the winter party to stay for one year, have already occupied the station for the past three days. According to the Department of Ocean Development sources here today, the station is functioning well and has even withstood strong gales with a speed of 70 knots per hour. The

laboratory in the station, which has full-fledged facilities to conduct scientific experiments, is also working well. Dr. H. K. Gupta, leader of the expedition, informed the control room here about the successful completion of the experiments. Except for the winter party, the remaining members, numbering 71, will reach Goa in the last week of March after a three-day halt in Mauritius.--PTI. [Text] [Madras THE HINDU in English 29 Feb 84 p 16]

PUNJAB CABINET CHANGES--Chandigarh, Feb. 27--The Punjab Governor, Mr. B. D. Pande, has kept the Home portfolio with himself, but allocated law and order coordination to his new adviser, Mr. Surendra Nath, it was officially announced here today. Earlier, the Home portfolio was held by the Adviser, Mr. Harbans Singh, who has been replaced. Besides Home, the Governor would also handle directly the departments of Legislative Affairs, Administrative Reforms, Elections, Science and Technology, Economic Coordination and the 20-Point Programme. The Chief Secretary, Mr. K. D. Vasudeva, will report directly to the Governor concerning the departments of General Administration and Personnel under his charge. Dr. S. S. Sidhu, the other Adviser, would be in charge of all other departments. [Text] [Madras THE HINDU in English 28 Feb 84 p 9]

CSO: 4600/1628

# OIL SALES SAID TO BE EXCEEDING MILITARY EXPENDITURES

Frankfurt/Main FRANKFURTER ALLGEMEINE ZEITUNG in German 27 Feb 84 p 14

[Text] The increasing gravity of the Gulf War between Iran and Iraq is also putting a strain on Iran's economic recovery which had led to more intensive contacts with Western businessmen in recent months and to spasmodic increases in shipments to that oil-producing country. Since the 1979 coup, hardly any reliable data have been available on economic developments in Iran. In a recent issue of FOREIGN TRADE INFORMATION, the West German National Bank Central Clearing House [Westdeutsche Landesbank Girozentrale] outlined some broad economic trends.

The publication speaks of Iranian attempts since mid-1982 to revitalize her international economic relations with the West which had been largely suspended during the revolution and the period that followed. Iran's actions are being dictated by pragmatism. Because neither the Third World nor the Communist bloc has been able to take the place of Iran's formerly dominating export-import relations with the industrialized nations of the West; neither as buyers of Iranian crude oil for hard currency nor as suppliers of high technology and expertise. In light of its continuing crucial dependence on oil exports, Tehran--with its growing need for foreign exchange--simply could no longer postpone a "change of fronts." The mullahs, with their unrealistic, excessively high price demands, had maneuvered themselves out of the oil business. Subsequently, it was difficult to find a market for additional quantities of oil, not even at heavily discounted prices.

However, beginning in 1982, the price flexibility started to pay off. Export earnings of \$19.1 billion--of which no less than 97.5 percent came from oil sales--were twice as large as in 1981. In 1982, the continuing weak demand for imports (\$10.2 billion), resulted in a current account surplus of approximately \$9 billion--by far the best result since 1979.

These figures were overshadowed by huge military expenditures which do not show up in the official statistics, but are diverting an estimated \$6 billion a year into what are often the most dubious channels. Still, Iran's foreign exchange reserves apparently continue to grow due to the consistently brisk sale of oil. New estimates (September 1983) indicate a foreign exchange cushion of about \$13 billion. That takes care of vital

food and capital goods imports. In contrast, about a year and a half earlier, Iran's foreign exchange reserves of only \$.5 billion had been adequate to finance imports for only a 10-day period. This, too, indicates greater financial maneuverability: a stronger interest above all in Western and Far Eastern technologies.

However, although the foreign exchange situation has improved, foreign-exchange-saving barter deals--oil against products--, which are already in place with the East bloc countries, continue to enjoy great popularity. Through both barter trade and price discounts, Iran hopes to be in a better position to find markets for her oil despite the continuing weak demand for energy. Although the execution of such transactions is creating some management problems in Western industrial countries with decentralized foreign-trade competencies.

The Far East is an obvious exception. Japan, in particular, seems to take advantage of Iran's handicap by pursuing intensely and to an increasing extent, bilateral compensation deals with Tehran. For one thing, the Japanese have lately shown more interest in Iranian oil. The tenor in Japanese oil circles is, "Iranian crude oil is relatively inexpensive and competitive in spite of a recent price hike for heavy oil. Japan would like to get as much of it as possible, as soon as possible." In addition, Japanese firms (e.g., Itoh, Marubeni, Mitsui and Mitsubishi) with their varied business interests and relations are ideal sales organizations for the construction of installations in exchange for oil shipments from Iran.

This sales strategy has made it possible for Japan at times to become Iran's number one trading partner. Although the FRG, with her traditionally good contacts with Iran, has time and again been able to successfully compete for this top position; far ahead of the United States whose trade with the mullahs--after an extremely glacial period--is once again beginning to show signs of life. Thus, U.S. direct shipments to Iran (excluding shipments by foreign subsidiaries) totalled \$200 million in 1982. But the United States continues to lag far behind such Western countries as France, Italy or the UK. Its shipments consisted primarily of wheat and rice and some electronic products.

Although--as already mentioned--they were by no means able to take the place of the Western industrialized nations, the CEMA countries, led by the USSR, are very popular as foreign trading partners. Because in the political area as well, there are some things they have in common since Iran's Arab adversaries (in a sense that includes Iraq) are also cooperating with the United States and the Western alliance in general. At the present time, there are reported to be at least 50 Soviet-Iranian economic projects in Iran. The value of this bilateral trade doubled to reach \$1.2 billion between 1980 and 1981. And during the summer of last year, a \$860 million arms contract was signed with the USSR. Trade with the GDR, Czechoslovakia and Rumania has also expanded substantially.

Iran's most important imports--besides arms supplies--are foods, vehicles and, increasingly, industrial plants, steel, construction machinery and

chemical products. They are to accelerate the expansion and reconstruction of installations destroyed during the Gulf War.

Among Iran's exports, carpets, hides, dried fruits and minerals. Industrial products, in addition to petrochemicals, have played a minor role so far. Ambitious development plans are underway to reduce Iran's present dependence on oil exports, but they are expected to bring about lasting changes in the export structure only in the long term.

Trade relations between Iran and the FRG have been good from way back. Therefore, it is not surprising that the traditional contacts have endured the war and have been further developed. As a result, the FRG, which provides more than 10 percent of all Iranian imports, is currently once again Tehran's largest supplier, followed by Japan, the UK and Italy. In 1983, German exports exceeded those of the year preceding the revolution, i.e., 1978, by almost DM 7 billion. This compares with somewhat over DM 3 billion worth of FRG imports from Iran.

The other side of the coin is a steadily increasing bilateral trade deficit Iran has incurred with the FRG. Essentially, it reflects the drastic decline of German oil imports from Iran. Before 1980, Iran provided about 17 percent of all German oil imports and was then her leading supplier; today, her share is about 3 percent.

The uncertain beginnings of an economic recovery, to all appearances, are also reflected in international capital markets where Tehran's credit standing has clearly improved. The American economic magazine INSTITUTIONAL INVESTOR moved Iran up to 84th place in September 1983. A year earlier, Iran ranked 94th. However, in absolute terms, her current position among the 107 countries rated continues to be unsatisfactory.

However, reliable data on Tehran's foreign debt situation are not available. A number of--semi-official--statements indicate, however, that in 1979, the Islamic revolution had assumed some \$15 billion of the Shah's foreign obligations. Apparently they have since been repaid, except for \$1.0 billion to \$2.0 billion. Tehran's debtor image has particularly benefited from the repayment of its U.S. debts. Since, in addition, Iran's foreign exchange reserves are currently estimated to total \$13 billion, it is probably correct to assume that the country has an entirely respectable amount of assets at its disposal.

7821

CSO: 4620/32

# VETERAN MUSLIM LEAGUE LEADER CONDEMNS NON-PARTY ELECTIONS

Islamabad THE MUSLIM in English 4 Mar 84 p 6

[Text] Attock, March 3--Sardar Shaukat Hayat Khan, a prominent leader of the defunct Pakistan Muslim League (PML) and former spokesman of the opposition in the National Assembly, has bitterly opposed non-party elections.

Talking to pressmen in his home district here, he said that Pakistan was created by politicians through the ballot and only they can run its affairs properly.

He said that the situation is disturbed due to the excessive involvement of the bureaucracy in the country's affairs. He denied the allegation that the politicians were responsible for the country's disturbed situation and said that the bureaucrats ruled the country more than the politicians.

The close associate of the late Quaid said that Mohammad Ali Jinnah was totally against the involvement of bureaucrats in politics. He said that there was no justification for a bureaucrat like Chaudhri Mohammad Ali to become the Prime Minister of Pakistan.

Sardar Shaukat Hayat Khan alleged that after the death of the Quaid, the bureaucracy adopted the policy of "divide and rule".

He also opposed the holding of provincial assembly polls prior to the elections of the National Assembly and warned that this act would further disturb the political balance.

The former Parliamentarian said that the much publicised clause 6 of the 1973 Constitution was actually tabled by himself and was included in the constitution to run the country's affairs in a democratic and constitutional manner. He said that if the present regime pledges to run the country under a democratic system according to the 1973 Constitution, it can be given protection in respect of clause 6.

Sardar Shaukat Hayat Khan also said that only Punjabies can save the country.

He said that it is a matter of concern that the Punjab was deprived of its leadership following the involvement of the bureaucracy in national politics.

Extended: The Martial Law authorities have extended the detention of nine Khar men, including former Punjab Minister Ch. Mohammad Irshaad, ex-MNA Mian Sajjad Parwez from Multan, ex-MPA's Ch. Mohammad Hanif and Nur Ahmed Mahi, and six other political workers and relatives of detained politicians for another period of three months.

All these individuals were arrested from the Islamabad International Airport soon after their arrival from London and other western cities to participate in the MRD movement.

Six of them are being detained in Attock District Jail, while Ch. Irshaad, Mian Sajid Parwez, Ch. Hanif and Nur Mahi are being interrogated in Rawalpindi after their shifting from Attock Jail.

CSO: 4600/436

## SMOOTH DISBURSEMENT OF U.S. AID HOPED

Islamabad THE MUSLIM in English 6 Mar 84 p 8

[Text] Islamabad, March 5--The American administration expects to release 630 million dollars to Pakistan during the next fiscal year as part of its long-term aid commitment of 1981, American sources indicated here today.

This level of allocation has been requested for Pakistan in a total aid package of 1.1 billion dollars which the Reagan administration has sought from Congress for South Asia for the next fiscal year. This includes an allocation of over 212 million dollars for India.

According to American sources here, the implementation of the 1981 aid agreement (which includes both concessional economic assistance and hard-term credits for the sale of military hardware) had been very close to full funding over the first three years of the programme.

The implementation of the aid programme is understood to have been reviewed by the American Deputy Assistant Secretary of State, Mr. Howard B. Schaffer, in his talks with concerned Pakistani officials here today. Mr. Schaffer is now in Pakistan on the last leg of his tour of the South Asian region which has already taken him to India, Bangladesh, Nepal and Sri Lanka.

In his discussions here, he has reportedly emphasized that aid programme implementation now enjoyed full support in Congress and no difficulties were being encountered in the actual disbursement of the promised funds. As in Dhaka and New Delhi, Mr. Schaffer reiterated that the U.S. is not seeking any bases or facilities in Pakistan.

In a recent testimony before the House of Representatives Foreign Affairs Sub-committee on aid outlays for Pakistan, Mr. Schaffer said that the rationale of the U.S. assistance programme for Pakistan remained substantially unchanged as the stability and security of this country contributed significantly to the achievement of U.S. objectives in South and South-West Asia.

The assistance programme, he added, also contributed to U.S. nuclear non-proliferation goals. He told the Sub-committee that the U.S. Government had made it clear to Pakistan that the relationship between the two



countries and the programme of military and economic assistance on which it rested were ultimately inconsistent with Pakistan's development of a nuclear explosives device.

Mr. Schaffer also expressed the hope that the Government and people of Pakistan "will be able to manage the transition to more representative institutions peacefully and equitably in pursuance of President Zia's August 12 announcement".

CSO: 4600/436

LETTER WRITER SAYS: 'THANK YOU, AMERICA'

Islamabad THE MUSLIM in English 4 Mar 84 p 4

[Letter by Arshad Waheed, F-8/2, Islamabad, in the "Forum" column]

[Text] Why is it so that your esteemed newspaper always tries to downplay the United States of America. It has now become boring to see anti-American cartoons appear every day on the page number 4 of MUSLIM without a break.

Most articles and news items published in your paper, always seem to depict the negative side of American society. I have yet to read a positive news item about the country which is most definitely, the leader of the free world.

It is the same country which has tried endlessly to help Pakistan, within its own frame-work of political and legal system since 1947. Have you ever tried to explore the fact that Pakistan today is the second largest recipient of U.S. aid in the world. This fact alone proves the friendly attitude of American tax payers and their political leaders towards Pakistan.

Our top brass has always gone for higher studies to this most criticised country and they have received our people with open arms. They opened libraries in all major cities of Pakistan, promote knowledge and better understanding between the citizens of the two countries. They lent us money to purchase food, when we needed it most. They financially helped us to build water dams, for our agricultural and electricity projects. With their help, we were able to make some progress in our road communication aspirations in the remote parts of Pakistan.

We thanked them by burning their embassy and destroying their libraries, we told them to leave our country by shouting slogans in the streets and by killing and insulting their diplomatic staff. If a news item is published in the American press against Pakistani sentiments, we take to streets and become destructive. Why don't we understand that unlike our country, America guarantees freedom of speech to its citizens and press under its established constitution. The United States government has no legal or administrative control over the news media.

I wish and pray that we would learn to fight our battles in a civilized way and express our feelings with dignity. May God give us the sense to recognise our friends and appreciate their efforts towards the development of Pakistan. Differences of opinion may occur as this is a healthy sign, but the most important thing is to learn to respect each other's opinion with getting emotional.

A lot of overseas Pakistani workers get treated badly in our friendly Muslim countries, but we do not take the matter to streets because we have already found a scapegoat--USA, for everything bad which happens in the world. A recently published letter in 'Forum' of The Daily Muslim by Mr. Ahmed Nawaz of Lahore complaining about the refusal of a student visa by the U.S. Consulate, is certainly not justified. Lots of educational institutions in Pakistan now offer M.B.A. degree programme, which is exactly the same as a similar programme in the United States of America.

Why has his employer department of the Government of Pakistan given him permission to go abroad and waste precious foreign exchange on something which can be easily achieved in his own country. Let us be fair and let us put things in a perspective.

CSO: 4600/435

# RETURN OF MUSLIM LEAGUE SHOORA MEMBERS TO PARTY STILL IN DOUBT

Islamabad THE MUSLIM in English 4 Mar 84 p 8

[Text] Peshawar, March 3--The return of the Muslim League members of the Federal Shoora to the party fold was still an uncertain affair and, following the Working Committee meeting in Islamabad on Thursday, various versions were floating around.

According to some of the participants from here it had been agreed in principle that the ousted members should be taken back without any pre-conditions and the issue of the party offices they were holding at the time of their expulsion should be tackled afterwards. Others, however, said that the Shoora members themselves had indicated that they were not very keen to get back their offices and they would rather prefer to rejoin as ordinary members so that the present setup was not disturbed. Their major concern at the moment was to find a political forum which could be exploited at the time of nominations for the general elections about which too their minds were not very clear.

The Muslim Leaguers in Peshawar told THE MUSLIM that the PML President, Pir of Pagara, himself had his doubts about the elections being held this year or early next year. But still everybody in the party was moving in the direction of elections and the consensus was that most of the Shoora members could prove better candidates, and without their return the party might run short of winning candidates. Outside the meeting there were some who didn't agree with that opinion and were of the firm view that if at all there had been any candidates who could win their seats they had lost their chances by joining the Shoora. Similarly, those hopefully looking forward to the award of tickets would not like their chances to be jeopardised by the returnees.

Party sources said that the issue actually should be seen from two different angles. One was the return of the Shoora members and the other nomination for the elections. The return, they said, could be considered in one shape or another but the nomination issue at this stage was rather hypothetical as the President's announcement regarding additions to the Federal Shoora within a week or so had created doubts in many a mind.

CSO: 4600/435

LEADER SAYS JAMAAT-E ISLAMI WILL PARTICIPATE IN ANY KIND OF ELECTIONS

Islamabad THE MUSLIM in English 4 Mar 84 p 8

[Text] Peshawar, March 3--The Secretary General of the defunct Jamaate Islami Qazi Hussain Ahmad has said that whatever the mode of the national elections, his party would participate therein as deliverance from martial law and the establishment of a people's government was more important.

Speaking at a meeting in Adarai Faroghe Islam here last night, he added that an early end of martial law was in the interests of the country and for this purpose the Jamaat was prepared to join hands with other parties on the basis of agreement on Islamic way of life and support to the jihad in Afghanistan.

He added that the Jamaat also supported the struggle of the students for the restoration of their rights but at present it was not its policy to come out in the field because it wanted the election process and transfer of power to be peaceful. He, however, indicated that this policy could be changed if the Jamaat felt that the Government was not sincere in holding the elections and was just resorting to dilly dally.

Qazi Hussain Ahmad said that because of martial law in the country the people's rights had been denied while the overall internal as well as external situation was not in good shape and the country was heading towards disunity and disruption. This situation he suggested could be tackled by preparing for self-sacrifice without which it was not possible to bring change. The meeting was also addressed by Maulana Abdul Rahim and Maulana Mohammad Anwar.

CSO: 4600/435

# PLANNING MINISTER INTERVIEWED ON DEVELOPMENT PLANS

Islamabad THE MUSLIM in English 4 Mar 84 pp 4, 7

[Interview with Dr Mahbubul Haq, minister for planning and development, by Maleeha Lodhi: "Pakistan's Development Plans"]

[Text] Maleeha Lodhi interviews Dr Mahbubul Haq, Minister for Planning and Development, and questions him about Pakistan's sixth five-year plan (1983-1988). Dr Haq talks about the plan's major objectives, the likely problems in its funding and implementations, and answers some of the criticism directed at the plan.

Pakistan's sixth five-year plan (1983-1988) was launched last year in a blaze of publicity. But the plan has had a mixed reception both within and outside Pakistan. The plan claims that its development strategy is guided by 'objective realism.' It calls for the 'general advance of private entrepreneurship in all spheres of economic activity' and views administrative deregulation and economic liberalisation as the best way to achieve this. The growth strategy of the plan is based on a major breakthrough in agricultural production, the aim being to move from agricultural self-sufficiency into exports.

## Catalyst

The Plan wants the public sector to essentially play the role of a catalyst, in creating the 'physical and human infrastructure that is needed for private initiatives to materialise.' The Plan is based on the premise that the national cake has to grow larger before it can be shared. However, it also claims to combine its concern for a strong production base with what it calls 'social conscience.' It proposes to put social objectives into effect by satisfying 'basic human needs'--providing public services (education, health, sanitation) to rural areas, a national incomes and employment policy, and extending 'social safety nets' to the poorest groups in society. But for all its rhetorical concern for the social sector, the Plan remains essentially a statement of intent.

The architect of the Plan is Pakistan's Minister for Planning and Development, Dr Mahbubul Haq. Educated at Cambridge, Yale and Harvard, Dr Haq is

the author of several books including 'The Strategy of Economic Planning' (1963) and 'The Poverty Curtain' (1976). He worked in Pakistan's Planning Commission from 1957-70, holding various positions culminating in his appointment as Chief Economist. He spent the next twelve years in Washington at the World Bank, where he was Director, Policy Planning. In March 1982 he returned to the Planning Commission in Pakistan. Dr Haq was chairman of the North-South Round Table Conference in 1979 and an advisor to the Brandt Commission (1979-80).

#### Dev. Plans

ML: Have your views on economic development strategies come full circle? In the 1960s you advocated the 'growth first and distribution later' strategy and believed in 'trickle down.' In the 1970s you repudiated this and advocated the 'basic needs' approach. And now in Pakistan's Sixth Five-Year Plan, belief in the magic of the market prevails and the growth strategy is based on encouragement of the private sector albeit with what you call a 'social conscience.'

MH: My objectives have never changed although my means may have. Whether I wrote in the 60s or in the 70s I always believed that the principal objective of economic development was taking economic growth to the people and the widest possible participation of people both in the creation and distribution of wealth.

There were times when we were very romantically wedded to the concept of the public sector delivering public goods but as it was practised in the Third World, the public sector became, not the custodian of public interest, but a vehicle for corruption, and highhandedness. It neither increased production nor fostered better distribution. When I advocate release of the creative energies of the private sector (in the 6th Plan) I mean freeing it from administrative, not social policy controls. We want to use the private sector dynamism for social good. This is not contrary to the basic needs philosophy. What are lacking by way of basic needs in Pakistan are primary health facilities, shelter, education, water supply and sanitation. In the 6th Plan we have made it the government's responsibility to provide these. Indeed the principal activity of the government would be to provide the physical and social infrastructure. But wherever we can get the private sector to open primary schools, even colleges, clinics or even highways, we have permitted that. From the national point of view it is much better that private money should be under the feet of the people on a national highway than be invested in poppy cultivation or real estate speculation. This is how private initiative and social interests can be combined, provided the government sets the right policy framework. We also have a number of policies to ensure that social interests do not suffer in our drive towards private sector liberalisation. For example special credit programmes for small industrialists and small farmers have been designed to ensure that the small investor is protected and does not become a victim of relentless market forces. I also believe that there are certain areas where structural policy changes are necessary, where we cannot be satisfied with the status quo. So, and this is a major departure from past

economic planning, we have changed the very pattern of priorities with much greater emphasis on social sectors and the needs of less developed areas in the country.

ML: But what are the chances of implementing these social objectives?

MH: Well, education for example still remains under funded in budget after budget. But I can assure you that while in the first year it has been difficult to reflect all the social priorities, we are determined to do so next year. The first year is always difficult because there is a carry over of past projects and commitments.

ML: On funding the Plan don't you think the major problem will be on the domestic resource mobilisation front? After the (World Bank sponsored) Aid-to-Pakistan consortium meeting in December 1983, you appeared satisfied that Pakistan would be able to get the U.S. \$10 billion external assistance for the Plan, although of course we have to wait until the pledging session in April. But on the external resources front, it seems we have the money but can't spend it, a manifestation of which is the frequent shortfall in disbursement of funds.

MH: On the first question you are absolutely right. I am extremely worried about the lack of domestic resources. It is possible to raise all the foreign assistance funds that we need and more. I am determined not to let the plan become more dependent on outside resources. We are trying to reduce our dependence from 25 per cent to 15 per cent by the end of the Plan period. But it is true we are not making adequate efforts to raise our own resources. We have foreign funds awaiting disbursement for lack of sufficient rupee counterparts. We have to mobilise our domestic savings, reorganise our fiscal system, improve the collection machinery, cut out wastage. These are three main reasons for slow fund disbursements. The lack of rupee resources, the slow and cumbersome bureaucratic machinery and third, the difficult project conditionality. We are trying to do something on the last two fronts. I made it clear in the consortium meeting that we are not going to accept any project conditionally which does not originate from Pakistan itself and which is not in our national interest. In order that our priorities take precedence over donor's priorities, I have now established aid programming cells in the planning commission so that we decide the priorities of each project. But if we cannot do something significant about raising sufficient domestic resources, the plan's fortunes will be seriously mortgaged.

ML: Pakistan's saving rates, both private and public, have been extremely low, while investment GNP ratios have been virtually stagnant...

MH: It is worse than that. The investment ratio, if you include the public sector (what we call the annual development programme) has been declining. It was 11 per cent of GNP in 1977-8. Today it is 7 per cent. Even though many people have criticised the plan for being overambitious all we aim to do in the public sector is to stabilise the investment ratio of ADP to GNP to around 7 per cent. Confronted with the dilemma that the public sector will



not raise sufficient resources or if the resources are raised---they go into non-development expenditure, I came to the other pragmatic choice for which your first question implies some criticism which was to unload some government functions to the private sector---that's why we pulled out of industry and reduced the public sector's role in places wherever the private sector was willing to come in so that scarce public resources can be spent on energy, health, education, irrigation and such basic physical and social infrastructure.

ML: You have reversed the policies of the previous (Bhutto) government by assigning to the private sector the leading role in industrial development. But, what if the private sector fails to respond to your incentives, for example because of fear of political instability. Will there be another policy reversal then, with the public sector making a comeback?

MH: In case the private sector cannot come up in the next year or two, we will have to review the balance between the public and private sector. But I am optimistic.

In developing countries, the private sector has learnt to live with a good deal of political instability. The private sector's response is going to be conditioned by the economic opportunities which have opened up. I'll give you two telling examples.

Firstly, when the economic frontier opened up in the Middle East, our private sector of uneducated people with limited means went there---exploited economic opportunities and are responsible now for over \$3 billion in remittances. The second example is our progress in agriculture, because government intervention was minimum in this sector. This private sector turned the country around from a deficit agricultural economy into a surplus one. We did not tell the farmer what to do, which crops to grow and there were no regulations---the exact reverse of what we did in industry and you know the experience in both. As long as the private sector is assured that there will be no arbitrary nationalisation, it will come forward. Nationalisation has lost its allure. At one time I believed and advocated that this would deliver the goods. I am now accused of changing my views. Yes, I have, because nationalisation neither gave us a strong production base nor was it motivated by a social conscience.

ML: You rightly call agriculture Pakistan's success story of the last six years, but favourable weather conditions had a lot to do with this.

MH: Yes, but you don't turn round an economy from an import of 2 1/2 million tons of wheat five years ago to a potential export of 1 1/2 million tons this year just because of the weather. Give some credit to the entrepreneurial spirit of the farmer who worked so hard even though certain institutional conditions were not conducive. There was no meaningful land reform. The government's role should really be to set the right institutional conditions and the right policy framework and refrain from 'big brother' intervention. I do advocate policy controls and institutional

restructuring. The private sector cannot arrange land reforms even though the fact that we have slept over it for so long has meant that the private sector is doing it in a very curious way. Since (Overseas Pakistani Workers') remittances have been coming from the Middle East, a whole new class is getting enfranchised economically and socially. They are buying rural land from those lazy landlords not tilling it and who will sell it for a higher price. A type of land reform via a market mechanism is in progress. Nobody has really analysed the tremendous impact these remittances will have on the breakdown of feudalism. Remittances have dramatically changed the distribution pattern. The remittance class are now suffering from uncertainty, (because of the fall in the price of oil and the decline in M.E. construction work) they want to convert their temporary good fortune into a permanent income. We have tried to take advantage of this feeling by opening new fields of investment. We intend to extend this further in our new industrial policy (to be announced soon).

ML: The growth strategy of the plan is based on a major breakthrough in agricultural production. After six consecutive good crop years, Pakistan has had a poor harvest this year. What impact will this have on plan targets?

MH: Bad weather has meant damage to the cotton crop, delayed crop of onions and we have had drought in the unirrigated areas producing wheat. But the situation has been exaggerated in the Press. Pakistan's agriculture is much more diversified now. It no longer depends on a single crop or on major crops (cotton, rice, wheat); we also have a high value export crops, vegetables, fruits, plus fisheries. All these are part of the agricultural growth.

ML: One of the main objectives of the Sixth Plan and a departure from the past, is to achieve an export based agriculture, and you have often stated that you intend making Pakistan the 'bread-basket and orchid' of the Middle East. Don't you think the recent 'onion crisis'--when you had the anomaly of a domestic onion shortage and spiralling domestic prices while export of onions continued--exemplifies the pitfalls of this strategy, especially in the absence of institutional means (e.g. monitoring agencies), to make the strategy work.

MH: Export policies reflect our growing agricultural surplus. If we do not provide for possibilities for export, it will be unfair to the farmer. What is needed on the export front are the mechanisms to ensure a fair price to the consumer as well as the grower. We need price monitoring system, an efficient reporting system, a good shortage and grading system--institutional means we lack but are trying to develop. Just because we are running a policy clumsily doesn't mean there is anything wrong with the policy. Pakistan has great potential of becoming the orchid, not the bread-basket of the Middle East. We have a natural advantage for vegetables and fruits in the Middle East market. We are trying to develop the institutional means and to ensure proper monitoring for export purposes.

ML: The Sixth Plan talks of "Growth with a social conscience" and of "social safety nets" and that poverty has to be directly tackled. Why then is the Plan silent on quantifying indicators of poverty, in defining target groups, their nutritional status etc. Past development plans have had consumption plans, but this one does not. Is "social conscience" only rhetoric in the Sixth Plan?

MH: There are real 'social safety nets' in the Sixth Plan, built into all our policies. I believe in practical action not theoretical study on this front. It needs no quantification to tell us that our real poverty is in the rural areas. The telling index is that less than 10 per cent of public services go to 70 per cent of our people. In the Plan we have programmes for electrifying 85 per cent of our villages, increasing road mileage in rural areas and providing clean water to 50 per cent of our people. We have higher allocations for rural education and health than urban--there is your social safety net. All this is radical departure from the past.

ML: The special development plan for Baluchistan province has been called the economic corollary of strategic objectives linked to Pakistan's alleged role in the US's Rapid Deployment Force for the Middle East. Is it true that development programmes there are military focused? How for instance does a two lane highway serve the needs of a basically nomadic society?

MH: One cannot win either way. If we do not develop Baluchistan it is an act of suppression; if we do, it is an act of appeasement related to RDF and has defence implications. Baluchistan is a tremendous economic frontier for Pakistan--its agricultural potential is certain. The missing input has been infrastructure, irrigation, water, electricity, roads--that is where a two lane highway comes in. Just like California was opened up in the United States and became the orchid of America because of canal and highway construction we are trying the same in Baluchistan.

CSO: 4600/435

HANEEF RAMAY WARNS OF DANGERS OF ALIENATING SMALLER PROVINCES

Rawalpindi HURMAT in Urdu 13-26 Jan 84 p 7-13

[Interview with Haneef Ramay, chairman of the Musawaat Party Farooq A. Mian: "It is Antinational and Anti-Islamic To Pick a Prime Minister From Religious Sects; Pakistan's Stability Is More Important Than the 1973 Constitution"; date and place not given]

[Excerpts] Haneef Ramay has been prominent on the political scene for the past 15 years. Four years ago, he suddenly left Pakistan and it was rumored that he was in self-imposed exile. He had a long meeting with President Zia-ul Haq during the latter's trip to the United States in 1982. There were reports that the two had reached agreement and Mr Ramay would be returning to Pakistan soon. Finally, Mr Ramay did return, but his attitude had changed a lot. He seems to be bitter about the smaller and larger states. Since Mr Ramay held several important positions in the Punjab government, his opinions cannot be disregarded. Farooq A. Mian of the Lahore bureau of HURMAT met with Mr Ramay and interviewed him. The answers to our questions need to be shared with our readers.

[Question] Since your return, you have tried to revive the movement for provincial autonomy. This has put you at odds with other politicians. Can you explain your position?

[Answer] A dead horse cannot be revived; only a sleeping problem can be. Had the issue of provincial rights become obsolete, the incidents in Sind would never have happened. The government is wrong in thinking that the MRD started the violent campaign in Sind, and the MRD is deluding itself if it takes credit for this movement. Why did it not succeed in starting a similar movement in Punjab? I think the MRD's success in Punjab is the same as in other provinces. I think the MRD was not dynamic in the Sind movement, it only played the role of instigator. Feelings in this state were very high following Mr Bhutto's death, and only an excuse was needed for an outburst of suppressed emotions. Additionally, the bitter feelings caused by the sense of deprivation in the people of smaller states were manipulated by the leaders there. The groundwork was done by such revolutionary parties as the Sind Awami Tehrik. Whenever a military government took over, the two smaller states--Sind and Baluchistan--felt that they did not have any share in power. In a country with four provinces, it is the two smaller provinces

that would feel deprived of their rights if the two larger states continue to run the show. The army belongs to Punjab and the NWFP. No one joins the army from Sind and Baluchistan. Granted, some persons from Sind and Baluchistan are not only members of the Majlis-e Shoora but hold positions as ministers; but it is a common knowledge that their rights are limited to making speeches. These representatives, as well as people in these states, know that they have no prominent positions. As for the military rulers, they knew that the federal ministers, just like the members of the Majlis-e Shoora, did not play a prominent role in the government. Let us consider the case of the extremely popular federal minister, the late Chaudhry Zahoor Elahi. Whenever he was asked why he had not fulfilled his promises to change the government, he quoted his now-famous statement. "Brothers, what can I do? I cannot even hire or fire a peon." Despite those few powerless members of the Majlis-e Shoora and the fewer ministers without any authority in government, Sind and Baluchistan did feel they had no share in power during the military rule. This is what started the fight for rights of the smaller states.

Immediately on my return to Pakistan, I decided to direct attention to this problem because the feelings of deprivation in these two states could create a situation similar to that which transformed East Pakistan into Bangladesh. Today's agitation will become a rebellion tomorrow. It is easy to suppress an agitation in its initial stage by force or by negotiations. Use of negotiation and arbitration can solve a problem permanently and speedily, whereas the use of force will only bring a temporary solution. Physical pain will change into mental agony, but the government gets the false impression that the agitation has been crushed. It does not comprehend that although the agitation has been stopped temporarily, the revolution has gained more stride. Whenever political movements are suppressed violently, they become revolution in time. The British forcibly crushed all movements from the War of Palasey to the establishment of Pakistan, but during these 200-300 years each failed movement brought the day of independence closer. We can say that none of these movements and agitations were failures. Did not the people of East Pakistan vote for the establishment of Pakistan? They were in favor of it more than the people of West Pakistan at that time. When the people in East Pakistan began to feel neglected and Sheikh Mujibur Rahman presented his six-point proposal, he was not taken seriously. Sheikh Mujib had presented his six-point proposal at the national conference of opposition parties held at the Gulburg mansion of the late Chaudhry Mohammad Ali in February 1966. At that time, the Ayub government needed to divert people's attention from the January 1966 Tashkent Proclamation. It therefore called this proposal a rebellious statement. Most of the opposition parties however got the impression that the government was behind this six-point proposal. Several individuals went so far as to credit Altaf Gauhar then Secretary, Ministry of Information, with authorship of this proposal. Thus, the minister of Information, Khawaja Shahabuddin challenged Mujibur Rahman over these six-points and the opposition parties severed their relationship with Mujibur Rahman. The Awami League split into two factions, and the period between 1966 and 1970 passed this way. It should be remembered that popular elections took place in December 1970. During these 5 years, none of the major parties, including the PPP, felt that Sheikh Mujibur Rahman should be taken seriously. This feeling of deprivation changed into aloofness, which in turn became hatred. This hatred intensified when a devastating cyclone

hit east Pakistan in 1970. It was felt that the cyclone was sent by West Pakistan, and mainly by Punjab. The 1970 elections took place in this atmosphere.

Sheikh Mujib won every seat in East Pakistan except the one taken by Nurul Amin. At that time, Bhutto and the PPP made their first effort to offer negotiations with Mujibur Rahman and the Awami League. No progress was made, however.

The military ruled the country at that time, and force was used to solve the problem. This use of force was almost tantamount to a massacre. We must remember the result of this all. The way our army surrendered under the leadership of General Niazi, who had claimed only 2 days earlier that Daka was calm and everything was under control, will go down as an extreme embarrassment in the annals of military history. The rulers traditionally tend to claim that everything is under control until the very last minute. Even now, in West Pakistan, especially in Punjab, people are being made to believe there is no need to worry. After all, what other alternative does a despotic government have? It is not responsible to people; people have to look after themselves. People in Punjab have to look around and find the answers to the what, why, how and where of these events. The military never had any answer; it does not have one now. All it knows is force and the use of force has never brought any solution nor will it help us today. This use of force divided our country and we may face similar consequences again.

This sense of deprivation felt by the smaller provinces can be disposed of only when Punjabis begin to consider national unity and provincial rights as one issue and not as two competing demands. The problem is that whenever people, intellectuals and some newspapers of Punjab hear a demand for provincial rights they get worried about national unity. The dreadful experience of East Pakistan tells us we lost it because we failed to give Bengalis their rights on time. Today, if Bangladesh renamed itself Pakistan, replaced its flag with Pakistan's flag, began to use currency with the Quaid-e Azam's picture on it, submitted its armed forces to the united command of Pakistan and consented to Pakistan's foreign policy, Pakistanis would shed tears of joy. Mujibur Rahman demanded all these in his six-point program. Had talks with him been undertaken at the right time, he would have agreed to let Islamabad decide on foreign trade as well. Today, the rulers in Islamabad consider the demands of smaller states outrageous. God forbid, but if this agitation becomes a rebellion, these demands will appear trifling. Why do we keep forgetting our neighbors, who are ready to manipulate this feeling of neglect in the smaller provinces? During our two wars with India, Afghanistan did not make any trouble for us. Now, Afghanistan is a "hot" border. If we are forced to face a situation similar to East Pakistan, we will be in trouble, because we will have to face two countries simultaneously. We should attempt to settle this affair as soon as possible and settle it with negotiation and not with force.

In this regard, Punjab has to do its political duty. The military and civil services use Punjab as a shoulder for firing their gun of suppression against the smaller states. The Punjabis do not even know that they are

being "used." They are just amazed at the defamation they get. Punjabis themselves are deprived of their rights under the military rules and under the high-handed policies of the bureaucracy. For example, Punjab's civil service is more callous toward Punjab than toward any other state when implementing strict rules. Punjabis, however, bear it quietly under the false assumption that they are bearing it for the national good. When other provinces raise demands for provincial rights, the Punjabis are told by intellectuals and newspapers that it is rebellion. It is high time that the people of Punjab recognized these demands as a call for national unity and not as a call for revolt. Otherwise, Sind and Baluchistan will secede just as East Pakistan did. Our neighbors will help these provinces. Punjabis should keep in mind that if such a development occurs, other provinces will not be hurt that much, but Punjab will be totally undone. It gets its irrigation water from the Tarbela and Mangala dams, which are outside its political boundaries. It receives electricity from Sarhad [NWFP], gasoline from Baluchistan and oil via Karachi. In addition, 70 to 75 percent of the industry of our country is located in Karachi. Tanks and airplanes will be useless for want of gasoline. The 4,000-plus Sikhs that our Chaudhry Zahoor Elahi feted will not be of any value. The donations that the U.S. Government showers on us to support the Afghan refugees will be worthless. The Sikhs and the Afghan refugees will plunder and totally destroy Punjab, vandalizing its fields and tearing down its factories and businesses, which are the pride and joy of Punjabis. Circumstances demand strong leadership in Punjab that will restrain the military and the bureaucracy and find strategies to make Pakistan a federation of states. I will be happy if all provinces agree to implement the 1973 constitution, but more important than this is the permanence of Pakistan. If the 1973 constitution can be amended to accommodate the needs of smaller provinces under a federal government, then Punjab's leaders will have to be prepared for such changes.

[Question] Are not the independence and rights of provinces settled in the 1973 constitution?

[Answer] When the 1973 constitution was written, there was agreement about it. It has not been implemented for 10 years and we simply cannot eradicate these 10 years from our history. Today, even the MRD will not agree with the 1973 constitution. The 1973 constitution can be a starting point. Punjab should be ready for any changes in this constitution that are favorable for national unity. Punjab has to prove its love for Pakistan by humoring smaller provinces. In this regard, Punjab should not forget that it will get the same rights as will be given to other provinces under the constitution. Later, when Punjab develops valid leaders within itself, they will protect its rights effectively.

[Question] Some individuals believe that you make these statements at Gen Zia-ul Haq's beckoning. How much truth is there in this accusation?

[Answer] Just this much, that if I insist on a democratic government, he holds elections the next day or when I suggest elections based on a non-party system to end this 5 1/2 years of political unrest, he accepts my idea after an appropriate time has passed.

Well, the reason people consider me to be in league with him is that we both belong to the Arain community. In that case, why do they not say that I am closely affiliated with Mian Tufail, since he also belongs to the same community?

[Question] According the former president of Azad Kashmir, Sardar Abdul Qayum Khan making Mir Ghaus Bakhsh Bizenjo the prime minister is considered analogous to making Babrak Karmal prime minister. In the light of this statement, please explain your plan that you presented to President Zia-ul Haq during his trip to the United States.

[Answer] If representatives of the smaller provinces are leading the entire country, they cannot complain about not having a share in power. Mir Ghaus Bakhsh is especially suited for this position as persons from all provinces except Baluchistan have had the opportunity to lead Pakistan. Punjabis are accused of indirectly owning Pakistan. A closer look indicates that Punjabis have ruled Pakistan only for 22 months out of the 30 years before Zia took over. Chaudhry Mohammad Ali ruled for 12 months and Feroz Khan Noon for 10 months. Before this martial law government, Pakistan was ruled by Ayub Khan for 11 years, by Yahyah Khan for 3 1/2 years and by Bhutto for 5 1/2 years. None of them was a Punjabi. Gen Zia-ul Haq is from Sarhad, even though he is considered a Punjabi. Anyhow, Punjabis still managed to get into the top leadership, but none of the Baluchis have achieved this distinction. What is wrong if we give this position to a Baluchi? However, Mr Bizenjo perhaps will refuse this position if it is offered by the military rulers. Punjabis have to find a way for his acceptance. As for Sardar Abdul Qayum Khan's comment, I respect him greatly for his honesty and his adherence to democracy. In a democratic country, we do not curse our enemies nor do we call them foreign agents. One reason for the failure of democracy in our country is that we have not learned to differentiate between disagreement and enmity. Sardar Qayum Sahib's attitude shows his hatred toward the able leaders of other provinces. It would be wrong to expect these provinces to bear this attitude for long. Proud people cannot accept such an attitude. I support Mr Bizenjo's nomination for this reason. He should be given recognition. Most of his followers have emigrated and are waiting for our country to fall to pieces.

[Question] Besides Mir Ghaus Bakhsh Bizenjo, what other leaders do you consider capable of becoming prime minister of our country?

[Answer] A political party's credence depends on a viable program to run the country and a leader who is capable of implementing this program. Ideally, every political party should have an able and effective candidate for the position of prime minister or it should disband. If we look closely, we find that the PPP's greatest weakness, besides lack of unity, was the absence of a leader who could challenge Bhutto. Elections are always won on the strength of leadership along with a policy and slogans. Most of our parties are based on religion or factions. Making a prime minister from such parties is anti-Islamic and antinational. Such an action could lead to religious civil war. We have several good persons for the office of prime minister even if we discount parties based on factionalism. The Muslim League has Malik Mohammad Qasim and the Tahrik-e Istiqlal has Air Marshall Asghar Khan. The PNP has



Mir Ghaus Bakhsh Bizenjo and the NDP has Khan Abdul Wali Khan. The name of Ghulam Mustafa Jatoi is heard often in relation to the PPP. It is believed that our government has a soft spot for him. Benazir Bhutto could be a good prime minister if she is not in a hurry. I will also propose two names for the presidency: Begum Nusrat Bhutto and Pir Sahab Pagara. The name of Mian Mumtaz Daultana is also mentioned in this regard.

7997

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# JAMAAT URGES JOINT STRUGGLE BY PARTIES

Islamabad THE MUSLIM in English 6 Mar 84 p 8

[Text] Islamabad, March 5--Qazi Hussain Ahmad, Secretary General of the defunct Jamaat-e-Islami, has appealed to all political parties to resist the Government's policy of divide and rule and unite for a joint struggle for the restoration of civilian democratic rule and early end to martial law in the country.

Addressing a gathering of his followers here, the Jamaat leader said the Government wanted that the tension and state of confrontation between the political parties should continue so that the image of the politicians is tarnished in the eyes of the people.

Pleading for greater unity and understanding among the political parties, he said that his party wanted to formalise this understanding on the basis of a consensus on two points. One related to the economic system and the other concerned the Afghanistan problem.

The economic system of the country, he said, should be anti-feudal, anti-capitalist and oriented towards the welfare of the poor masses in accordance with Islamic principles. All political parties, including the PPP, he said, favoured such a system and there should be no dispute about it.

The Afghanistan problem, the Jamaat leader said, was an important national issue as nobody could ignore the presence of more than three million Afghan refugees in Pakistan. He said the government was pursuing the policy of the previous regime which granted, political asylum to Afghan leaders in 1973 when they migrated after the fall of King Zahir Shah and the installation of Sardar Daud's government with Soviet help. He said Gulbuddin Hikmatyar, Burhanuddin Rabbani and Maulvi Yunus were among the Afghan leaders who were given sanctuary in Pakistan during PPP rule. The influx of Afghan refugees continued thereafter and the PPP government, pursuing a nationalistic policy, never discouraged it. The political parties, he said, should now come to some agreement on this question.

The JI leader warned the Government that if it tried to avoid implementation of its programme of August 12 and concrete steps were not taken in this direction in the next two or three months, the Jamaat would evolve a new

strategy to force the regime to quit. He asked his workers to remain in touch with the people so that if the Government tried to fool the nation again, the attempt could be frustrated.

He said his party strongly believed in elections on party basis but would not oppose party-less polls as these would at least bring an end to martial law rule in the country.

Opposing the ban on student unions in the country, he said the students, being the future leaders of the country, have every right to take part in politics. It is the armed forces, he said, which should keep strictly aloof from politics. He said his party will fully cooperate with the students who are fighting against "the undemocratic decision of the Government".

The JI leader demanded the release of all political prisoners, restoration of political activities and freedom to hold public meetings.

In the end, he alleged that the Government had failed to enforce the Islamic system in the country and was merely exploiting the name of Islam to promote its own narrow interests.

CSO: 4600/436

## HEATED DEBATE IN PPP LONDON SESSION

Islamabad THE MUSLIM in English 7 Mar 84 pp 1, 8

[Text]

LONDON, March 6: Thirty-five leading exiles of the defunct Pakistan People's Party (PPP) based in Europe held a marathon seven-hour session here yesterday. This session, which was chaired by Miss Benazir Bhutto made an in-depth review of various organisational and political matters.

The session was attended among others by Sheikh Rashid, Ghulam Mustafa Khar, Abdul Hafiz Pirzada, Dr. Ghulam Hussain, Dr. Kaniz Yusuf, Aftab Gul, Sardar Mazhar Ali Khan, Sami Munir, Ali Mehmood, Mrs. Farkhanda Bokhari and Jam Mashooq Ali (Son of Jam Sadiq Ali).

The meeting decided to hold Quran Khawani on April 4th to mark the fifth death anniversary of late PPP Chairman, Zulfikar Ali Bhutto. It also decided to arrange a public meeting in London on April 8, where "major policy announcement" would be made. The session also decided to set up five committees to implement the decisions of this extraordinary meeting. Among these committees, is a Policy Committee which includes Hafiz Pirzada, Dr. Ghulam Hussain and Ghulam Mustafa Khar. This committee will draft the state-

ment scheduled for announcement on April 8, in consultation with Sheikh Rashid, who was unable to participate in part of the deliberations on account of ill-health. An Organising Committee was also formed which would be responsible for the basic organisation of overseas PPP branches. It would be the same committee as the Policy Committee plus Dr. Naseer A. Sheikh. A Memorandum Committee was also formed under Dr. Kaniz Yusuf, which will be responsible for dissemination of party documents.

The meeting was marked by acrimonious exchanges between the Left and Right wings of the PPP, as well as personality conflicts between Dr. Ghulam Hussain and Ghulam Mustafa Khar. The Left wing of the PPP was represented by a "gang of four" comprising Qayyum Butt, Choudhry Iqbal, Sardar Mazhar Ali Khan and Raja Afzal. While insisting that certain people who had not been invited to this meeting should also be asked to join in, "the Gang of Four" accused Jagirdars of attempting to take over the party and in this connection they attacked

Ghulam Mustafa Khar and Farooq Leghari. The latter, who is Secretary-General of the defunct PPP in Pakistan, was also accused of having challenged the land reforms order in a 1976 court petition. Qayyum Butt also accused Mustafa Khar of being "responsible for Mr. Bhutto's execution." Sheikh Rashid who also backed the "Gang of Four" stated that there had always been two groups within the PPP, namely what he referred to as "oppressed versus Jagirdars."

During the session certain members also criticised Ghulam Mustafa Jatoi, currently under detention in Pakistan, for allegedly making 'overtures' to the military regime. At this, Miss Benazir interjected and urged the members concerned not to attack or malign Jatoi since he is currently under detention. One of "Gang of Four," Raja Afzal urged Benazir not to support a weak centre since, according to him, it would alienate Punjab.

Matters relating to foreign policy also came up during the session. Aftab Gul urged the participants that PPP should not endeavour to be a camp follower of either of the Super Powers. About two hours were devoted to matters relating to immigrant politics.

CSO: 4600/436

# PETROLEUM MINISTER'S CLAIMS ON OIL FINDS QUESTIONED

Islamabad THE MUSLIM in English 6 Mar 84 p 6

[Text]

LAHORE, March 5: Mr. A.H. Kardar, former Punjab Minister, commenting on the announcements made by the outgoing Federal Minister for Petroleum, Rao Farman Ali, regarding discoveries of oil and gas at Dhermund, Qazian, Adhi and Meyal fields has alleged that these were not based on reality.

In a Press statement issued here today Mr. Kardar said Rao Farman Ali's predecessor, General Chishti had made similar statements about discoveries of oil and gas in southern parts of the country and added that he had written many articles in the press challenging these discoveries but neither official sources nor the outgoing incumbent cared to reply. He said when he read stories of Rao Farman's visit to the fields in the south and later in the Potohar area in the north he was of the opinion that the Minister too was on his way out of ministerial office. This was duly established when he too started making announcements about Dakhni, Charnal, Gularchi and other areas. The confirmation came today with the news that Rao Farman Ali had been asked to leave the Cabinet.

Had any justice been done to the requirements of the north regarding supplies of natural gas? He asked. He said he would like to ask the Minister whether he was aware that no plans had been drawn for supplies of gas to the small industries of the Punjab, especial-

ly in Faisalabad, Gujranwala, Sheikhupura, Jhelum and Gujrat which were making increasingly large contribution to the country's exports. Also would the Minister confirm whether commercially exploitable quantities of natural gas had been discovered at Gularchi and whether it would be economical to pipe it for linkage with the national supply system?

Mr. Kardar also asked the Minister to explain his criticism of the previous regime about the Dhodak discovery in December 1976 which he had called a lie in his public statement last week.

Kardar said: "How do you reconcile it with the issue of a prospectus by the Oil and Gas Development Corporation two years ago inviting foreign companies to join the venture in developing Dhodak fields? Is it not true that this prospectus was advertised abroad at considerable cost to the national exchequer." He also asked Rao Farman Ali to clarify whether he was broadcasting lies at the time of the issue of OGDC prospectus or was he doing so now at the time of relinquishing his office.

Mr. Kardar asked the drummers of accountability of politicians to direct their sights on the doings of men who were once in uniform. For related stories, the drummers had merely to draw upon information that was readily available around the oil patch, the statement concluded.

CSO: 4600/436

## FEDERAL MINISTER QUESTIONS NWFP FACILITIES FOR OVERSEAS PAKISTANIS

Islamabad THE MUSLIM in English 6 Mar 84 p 8

[Article by Sikander Hayat]

[Text]

ISLAMABAD, March 5: Federal Minister Ghulam Dastgir Khan said here today that the frontier government's standpoint on distribution of OFF projects will be accommodated to the extent it fits into the national framework. After another meeting between the officials of the Ministry of Labour, Manpower and Overseas, which he heads, and the NWFP government in the last week of this month, he said he would be meeting Governor Faris Haq.

He was asked by 'The Muslim' to comment on Press reports attributed to senior NWFP officials to be saying their dissatisfaction with the amount of allocations and projects for the welfare of overseas Pakistanis from that province.

In this respect a meeting was held some time back between the OFF Managing Director, Syad Iqbal Imam, and the senior NWFP Minister, Arbab Jehangir Khan, during which the Minister said that while his province accounted for 50 per cent of the overseas Pakistani workers, their share in the OFF projects was very small.

Meanwhile, the Governor, Lt. Gen. Fazle Haq, has submitted his report to the President which is said to contain impressions of his visit to the Gulf States last December during which he met a large number of Overseas Pakistanis. On his return from that trip he had said that the overseas workers were not happy with the arrangements made for the investment of

their remittances. He also promised to set up a special cell in his government to watch the interests of workers from his province.

At the Federal level the Frontier government's point of view has been seen as misconceived, at least from three angles. Firstly, it is argued that the workers from that province do not account for more than 20 per cent of the total overseas Pakistanis. For instance in 1983 out of a total of about 127,000 Pakistanis who went abroad for jobs only 180,000 hailed from the NWFP.

However, the figures available with the Government pertain to the post-1974 period when the system of registration of intending migrating labour was undertaken. How many Pakistanis had left before that nobody knows. But the presence of Pathan immigrants abroad is always conspicuous. Example: During President Ziaul Haq's visit to Brunei over 80 per cent of the Pakistanis who met him there were Pathans from the Buner area of Swat.

Secondly, the Frontier government confuses the OFF with the Ministry of Industry or the Investment Promotion Bureau who are supposed to lay down the industrial and investment policies. The OFF is said to have offered a "blank cheque" for any project which the NWFP thinks would benefit the families of the overseas Pakistanis from that area.

In the last two years the OFF reportedly made a number of gestures offering its advisory competence for the housing and related projects but the NWFP did not respond. A case in point is the Hayatabad colony in Peshawar where the OFF's offer to build houses for overseas Pakistanis is still pending.

Thirdly, it is feared at the Federal level that once there are provincial cells or boards to watch the interests of immigrants on provincial basis, there might be overseas Pathans, overseas Punjabis, overseas Kashmiris etc. but not overseas Pakistanis. This position cannot be countenanced at any cost, say the officials in Islamabad.

An OFF team which recently visited the Gulf States, Saudi Arabia and the United Kingdom reportedly studied the province-wise content of the overseas Pakistanis and did not find any evidence in support of the NWFP government's contention that the Pathans constitute about half of them.

Comparatively less inflow of remittances to the NWFP, its overseas workers being mostly unskilled, is quoted as another important reason for the slow pace of investment and industrialisation in that region. The NWFP officials, however, do not accept that position and contend that over Rs. 7,000 million were sent by Pathan workers in the last one year.

PERFORMANCE OF PUBLIC UTILITIES CRITICIZED

Islamabad THE MUSLIM in English 4 Mar 84 p 8

[Article by Sikandar Hayat]

[Text] Islamabad, March 3--The performance of public utilities such as WAPDA, T&T and Sui Gas fall far short of the people's expectations. This is indicated in a recent report prepared by the research wing of the Cabinet Secretariat and presented to a two-day seminar which opened here today.

The operators of these bodies, which hold monopolistic rights in their areas of activity, will defend their organisations in the course of the seminar. The public, a major consumer of these utilities, was, however, conspicuously absent from the function.

In his opening remarks, the Secretary Population Welfare Division, Mr. M.A. Kareem, pointed out that the participation by the end-users of these utilities would have served a useful purpose. He said one common complaint is that the officials, in most cases, are indifferent to public difficulties because they are assured of their salaries and promotions whatever happens.

Beyond these extempore remarks, the Secretary, himself a civil servant of 30-year standing, was generally sympathetic to the working of these utilities and also appreciated the move to hold the seminar. "Happily I do not believe that this particular seminar stands in any danger of being placed in the category once condemned by the Finance Minister who had suggested that a real seminar should be held to assess the utility of such seminars".

The report indicates that on April 30, 1983, outstanding telephone dues in respect of the Rawalpindi-Islamabad region stood at Rs. 283 million, with the heaviest dues being owed by Government departments. On May 31, 1983 the outstanding dues of WAPDA in the Islamabad region were Rs. 178 million with the major defaulters being REPCO (Rs. 42 million), AJK (Rs. 20 million), MES (Rs. 15.7 million), CDA (Rs. 18 million) and other government agencies (Rs. 13 million). The report, however, mildly suggests that the "government should pay special attention to clearing these arrears."

Other recommendations, proposed by the Report which has been prepared by the Public Administration Research Centre, O&M Division of the Cabinet Secretariat, are:

- i) At present no meter card is maintained by the consumer whereas it appears desirable that a duplicate meter card should remain with every consumer for verification of the amount billed;
- ii) The Sui Gas and WAPDA should distribute their bills through their meter readers to avoid loss of bills when posted. This system would also cut the delay in the delivery of bills which are sometimes received after the expiry date;
- iii) WAPDA and T&T should have their own micro mini-computers to prepare bills and the banks should be asked to do the collection only. Banks which often refuse to accept bills after 10.00 a.m. should be directed to receive bills throughout the working hours;
- iv) The meter readers force of Sui Gas and WAPDA is insufficient considering the work load and should be augmented;
- v) Terms and conditions of gas and electricity sales written on the back of the bills should be both in Urdu and English.

The seminar in its session tomorrow will prepare its final recommendations after the related departments have presented their defence.

CSO: 4600/435



PAKISTAN

FACTORY'S DELIVERY OF 10,000TH SUZUKI CAR NOTED

Islamabad THE MUSLIM in English 5 Mar 84 p 6

[Text] Karachi, March 4--The Federal Production Minister, Lt. Gen. Saeed Qadir today delivered the 10,000th Suzuki car which rolled out from the production unit of Pak-Suzuki Motors at a ceremony held at a local hotel this afternoon.

Delivering the keys of the car to Mr. Qalandar Shah, who had booked the vehicle, the Minister expressed the hope that the production target of 10,000 cars given by him for this year will not only be easily achieved but even surpassed.

He said that during the period Sept. 82 to Sept. 83, only 5,500 cars were produced. But, now, with the production of 1,000 vehicles a month, it is hoped that the target of 10,000 cars for this year will be met. He hoped that with this the pressure on waiting list will also be reduced considerably. The Minister said that with patience and cooperation the public could save a market premium of Rs. 4,000 to 5,000 on a Suzuki car by getting the vehicle on its original price from the company.

Lt. Gen. Saeed Qadir on the occasion read out a message received from the President of Suzuki Motor Company, Japan congratulating the Pak-Suzuki Motors for creating good market conditions for the vehicle in Pakistan.

Delivering the vehicle to Qalandar Shahat at a price Rs. 1,000 less than the original price, the Minister stressed the need for maintaining the price structure at a stable level.

He said that it was the government's firm policy to ensure stability in the prices. He exhorted the Directors of various units of PACO to adhere to the factor of price stability. He also congratulated the Pakistan Automobile Corporation, its workers and officers on the production of 10,000th car and hoped that other production units would also follow the suit.

Earlier presenting the welcome address, the chairman, Pakistan Automobile Corporation (PACO), Maj. Gen. (Retd) Jalaluddin said that his corporation was heading towards the achievement of targets fixed with regard to the production of Suzuki cars.

He said that PACO achieved 10.5 per cent of the 11 per cent target fixed for the use of local components.

**Car for Disabled:** Lt. Gen. Qadir has announced that Suzuki cars for handicapped people would be produced in Pakistan. He said that arrangements were being made for necessary fittings in the car which, he hoped, would be shortly marketed.

He said that efforts were also being made for producing 10 per cent air-conditioned Suzuki cars. He said that in Japan these cars were fully automatic and airconditioned.

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## EDITORIAL ON AFGHAN ISSUE, SOVIET UNION

GF221320 Karachi MASHRIQ in Urdu 3 Mar 84 p 3

[Editorial: "The Correct Essence of Pakistan-Soviet Relations"]

[Text] President General Ziaul Haq has said that since there is a system of collective leadership in the Soviet Union, the coming and going of individuals does not make any real difference. He expressed the hope that the efforts made by the late Andropov in improving relations between the East and West, between Pakistan and the Soviet Union, and to lessen the strain caused by the deployment of lethal weapons in the Western Europe, will be continued by the new Soviet leader, Mr Chernenko. It would be too premature to say that any change would appear in Soviet policy, but he hoped that the new Soviet leader would do his best to lessen the tension existing in the world.

In the congratulatory message that President General Ziaul Haq sent to the new Soviet leader, Mr Chernenko, on his election, he expressed the hope for improved relations with the Soviet Union. He added in the message that improved relations between the two countries would prove to be in the interest of the peoples of the two countries. He assured the Soviet leadership that Pakistan was ready to take positive steps in this direction. One can guess from the sentiments expressed by the president that he wants to strengthen the infrastructure of the relations between the two countries and that he acknowledges the importance of the Soviet role in maintaining peace in the world.

These things will make it clear to the Soviet leadership that Pakistan is totally nonaligned in area of international relations and international problems. If Pakistan has set up a new framework of relations with the United States on the basis of neutrality, it also attaches great importance to its relations with the Soviet Union. Pakistan has learned from experience that alignment to a superpower does not serve the interests of a developing country which has newly gained its independence. It is on account of this, that Pakistan is more sincere and sensitive toward the principle of nonalignment, although it has only just joined the community of the nonaligned countries.

With Pakistan's nonaligned stand, the new Soviet leadership would be able to understand Pakistan's stance on the question of Afghanistan. This stance is based on principle. This stance by Pakistan was not adopted as a result of any instigation on the part of the United States. Pakistan opposes the

Soviet presence in Afghanistan because of its adherence to the basic nonaligned principle, that no country has the right to interfere in the internal affairs of any other country. It is because of this principle that Pakistan would support the putting forth of guarantees to the Soviet Union that once the Soviet forces are withdrawn from Afghanistan then no country would have the right to interfere in the internal affairs of Afghanistan and that the Afghan people should be given the right to determine their own future.

Pakistan would never wish that a government be set up in Afghanistan that would be hostile to the Soviet Union or that there would develop in Afghanistan a situation which would be a threat to the security of the southern borders of the Soviet Union. Pakistan's only wish is that the nonaligned and independent status of Afghanistan be restored. This too would be in the interest of the Soviet Union. In the past, every nonaligned government in Afghanistan had good relations with the Soviet Union. Similarly, in the future, whatever government comes to power in Afghanistan would be compelled to have good relations with a great power like that of the Soviet Union.

This analysis makes it clear that Pakistan's stance on the question of Afghanistan is not based on any hostility toward the Soviet Union, but on the contrary. It is based on its goodwill toward the Soviet Union. It is quite likely that the Soviet Union, because it is a great power, might be thinking of keeping its military control over Afghanistan. But Pakistan's view is that it would harm the Soviet Union if it were to maintain military hold over Afghanistan instead of restoring its nonaligned status. This view is based on sincerity and goodwill toward the Soviet Union. Such an effort on the part of Soviet Union would also harm its high prestige. On the other hand, it is getting very difficult for the Soviet Union to crush the spirit of independence in the minds of the Afghan people. In these circumstances, if Soviet Union were to decide to solve the Afghanistan problem in a peaceful political way, this would not only add to its prestige, but it would not lower its status in any way.

CSO: 4656/116

COMMENTARY ON U.S. POSITION ON STRAIT OF HORMUZ

GF231939 Karachi MASHRIQ in Urdu 2 Mar 84 p 3

[Commentary by Dr Abdu Salam]

[Text] Although the escalation of the war between Iraq and Iran is very regrettable, if the United States intervenes militarily in the Gulf, the responsibility for this will not fall on the shoulders of Iran. Iran has no plan to block the Strait of Hormuz. Besides, blocking the strait is no easy task to accomplish. If Iran takes any action in respect to the Strait of Hormuz, it would simply be a defensive action. President Khamene'i has said that British and U.S. navy ships are preparing for action in the strait. The Islamic Republic of Iran will never take any action to block the Strait of Hormuz. Iran will only take action if some other power prevents Iran from using the strait. If the British and the Americans intervene then their fate would be worse than it was in Lebanon.

A U.S. military spokesman has said that the navy ships positioned in the Arabian Sea and the Indian Ocean can deal with any emergency. The spokesman added that the task force was already active inside and outside the Gulf. He also said that there were 30 warships in the region, including the aircraft carrier Midway. There are also five smaller warships in Bahrain.

In an interview with the London Arabic paper ASH-SHARQ AL-AWSAT, the British foreign secretary said he could not say whether Britain would cooperate or not with the United States in its efforts to keep the Strait of Hormuz open, but in any event it is active with other European countries in efforts to find a peaceful solution to the Gulf problem through the United Nations.

Presently, any danger to the Strait of Hormuz stems from the United States. Iran has all of its forces directed toward Iraq. According to Iranian claims, the Iranian Army has gained the advantage over the enemy and it has brought under its control an area of 80 sq miles of enemy territory which contains 50 oil wells. It has also brought the Majnun Island under control. This island is situated in the southern marshlands of Iraq. The Islamic Republic also claims that the Basra-Baghdad road is within its artillery fire range.

Both sides are suffering heavy losses of life. The real danger is Iran's advance into the Iraqi territory which has caused concern to the United States, other Western powers, and the Gulf states. If the Iranian push gains more momentum then it is likely that the Gulf states may rush to aid Iraq to save it and themselves from the threat of the Islamic revolution. However, their individual strength is nothing compared to that of Iran and they will have to beg for aid from the Western countries.

The point worth considering is whether the United States, after its dreadful experience in Lebanon, will involve itself in a land war in this region during an election year. The immediate concern of the United States is the continuation of the oil flow to it, Western Europe, and Japan, and that means the Strait of Hormuz must remain open. If Iran gives this assurance then it is quite likely that the United States may limit itself to words and not take any practical steps. The United States does not wish to involve itself in a war which may eventually turn into a world war or in which there will most certainly be a loss of a large number of lives.

CSO: 4656/116

PAPER COMMENTS ON PROVINCIALISM

GF201846 Lahore NAWA-E WAQT in Urdu 13 Mar 84 p 3

[Editorial: "Provinces, the Nation, and the Country"]

[Excerpts] Delivering an address at the Sindhi literary conference, President Mohammad Ziaul Haq said some thought provoking things with regard to provincial culture and Pakistani culture. The president said: The government follows the policy of promoting provincial languages and culture because it is in the best interests of the country and it will help in accentuating national identity.

The president had to elucidate on the matter because for quite some time, the provincial leaders in the smaller provinces had been raising a hue and cry within the country and abroad that the province of the Punjab is being given preferential treatment while the other provinces are being discriminated against, and due to which, their languages, culture, and literature cannot flourish, and that the smaller provinces feel deprived. Sometimes, under the cover of this propaganda, the slogan of autonomy is raised and from another corner, the question of a federation or a confederation, without any thought to what the possible repercussions could be.

Those who are suspicious of preferential treatment to Punjab, forget that despite the fact that Punjab is the largest province, Punjabi is not the medium of instruction in any school in the province, nor is there any publication in the Punjabi language, nor does Punjabi literature enjoy any government patronage. Hence, the complaint against Punjab is completely baseless and those who attack the Urdu language and say that it is the language of the Punjab, betray their mental regression. This is a false approach because Urdu is not the language of one province but is our national language which is spoken and understood all over the country and in every province.

Thus, Pakistani culture is like a garden in which various flowers bloom and lend fragrance to the whole garden. We see the cultures of Kashmir, Punjab, the NWFP, Sind, and Baluchistan in the culture of Pakistan and all these areas have their own traditions and customs. Therefore, what is needed now is that we refrain from such thoughts, misconceptions, or utterances which have a detrimental effect on the national spirit.

CSO: 4656/116

## BRIEFS

**PALEEJO'S MOTHER DEMANDS SON'S RELEASE**--Hyderabad, March 4--Mst. Ladan, 85 years, mother of Awami Tehrik President Rasool Bux Paleejo, has appealed to the Government to release her ailing son who is in jail for the last five years without committing any crime. In a press statement issued by her here she said that she had met her son at Landhi jail with the permission of the Home Secretary, Government of Sind, after four and a half months. Her son informed her that he had been lying unconscious in the jail for the last four days. A few days back, she said, her son had skin disease and his eye-sight has become very weak. She has appealed to scholars, writers, advocates, labour leaders and journalists to try for the release of her son and adequate medical treatment. [Text] [Islamabad THE MUSLIM in English 5 Mar 84 p 6]

**REFUGEES CROSS INTO BALUCHISTAN**--Quetta, March 4--More than 30,000 Afghan refugees have crossed into Baluchistan during the past two months and this influx of refugees might increase with the beginning of summer, official sources told THE MUSLIM here today. According to these sources the total strength of Afghan refugees registered till Dec. 31, 1983 was 684,940, while another 29,655 refugees were registered between January, 1984 to 15 February, 1984, and this process was still continuing. Sources disclosed that refugees were not receiving vegetable oil for the last two months as it was not being received from the donor countries or international agencies. Besides, the refugees were also facing shortage of dry skimmed milk which was also donated by the international agencies. [Text] [Islamabad THE MUSLIM in English 5 Mar 84 p 8]

**PPP LEADERS SUPPORT CONFEDERATION**--Karachi, March 5--Three PPP leaders in a joint statement have supported the confederal system for the country proposed by Mr. Mumtaz Bhutto. In a joint statement here today they said that it was not designed to break the country but to save it from obvious disaster. The statement said that Mr. Mumtaz Bhutto was convinced that all the woes that have befallen the nation arise out of an extra powerful Centre and the domination and exploitation of the smaller provinces, 'whereas a meaningful degree of autonomy will preserve the rights and privileges of the provinces and remove the unbearable sense of deprivation.' They said that this having been achieved, 'we shall have the Pakistan promised by the Quaid-e-Azam in the Pakistan Resolution of 1940'. The signatories to the statements are Abdullah Shah, ex-MPA Mazhar S. Kazi and Rizwan Kehar. [Text] [Islamabad THE MUSLIM in English 6 Mar 84 p 6]



SPEECH BY AMBASSADOR TO INDIA--In a broadcast over All India Radio on the occasion of Pakistan day yesterday evening, the Pakistan ambassador to India, Mr Riaz Piracha, stressed the need for measures to restore confidence, eliminate tension, and to strengthen peace, friendship, and cooperation between Pakistan and India. He noted the need for creation of an atmosphere in which Pakistan and India could increase their contacts and exchange of cultural delegations, overcome obstacles, and remove misunderstandings between them.  
[Text] [BK240913 Karachi Domestic Service in Urdu 0200 GMT 24 Mar 84]

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